

TO MANUEL FOR THE

US mutual funds The first stage of a global financial revolution David Hale, Page 15



Mark Stabler Man with a key to defusing the millennium bomb Page 11



Poland **Divisions among Catholics** over EU membership

Japan How serious are the signs of deflation? Page 6

WORLD NEWS

Clinton may fail to secure \$6.3bn funding for climate change programme

US president Bill Clinton is unlikely to secure \$6.3bn from Congress to fund a US package to lead a fight against climate change, according to an administration document and US officials. Page 16

Kohi sees 'mighty push' for EU German chancellor Helmut Kohi said introduction of the euro would "give a mighty push" to the process of political union in the EU. Page 2; Observer, Page 15

UN rejects resolution ou Cube The United Nations Human Rights Commission rejected a US resolution condemning Cuba for human rights violations, it was the first such rejection for seven years.

Ex-ministers deny genocide link Four former French ministers denied suggestions that France sided the Hutu regime in Rwanda to perpetrate genocide against the minority Tutsis in 1994. Page 4

New Caledonia accord France reached an accord on its territory of New Caledonia that may settle the South Pacific island's political future. Page 6

Plan to tighten Baltic security Sweden and Finland are expected to publish security proposals almed at strengthening international weapons inspections in the Battic Sea region. Page 4

Boof prosecution falls A Scottish court threw out the UK's first prosecution under legis-

lation beaning the sale of beef on the bone, Page 10 Strikes bit Alitalia

More than 200 Alitalia flights were cancelled after flight attendants for strike. Striking pilots forced cancellation of another 61 flights.

kaq renews attack on US Iraq renewed criticism of the US and United Nations weapons Inspectors a day after Weshington accused Baghdad of not co-operating in inspections. Page 5; Edi-

torial Comment, Page 15 Man shot in Uster A council worker was critically injured in a gun attack in Portadown, Northern Ireland. There was no immediate claim of responsibil-

Mundocks separate News Corporation chief Rupert Murdoch and his wife Anna have separated after 31 years of marriage. Page 8

ity for the shooting.

UK claims buman rights succes The UK government claimed to have improved human rights in China and Indonesia, but conceded that its efforts in Nigeria had not succeeded. Page 9

UNI threat to loggers A senior United Nations official threatened to publish a blacklist of logging companies shown to be n Indonesia. Page 6

Vietnam warning Vietnam's first deputy prime minister, Nguwen Ten Dzung, warned of growing economic difficulties and called for renewed efforts to implement structural reforms. Page 6

Prosecutions over oil apill Authorities at the Welsh port of Milford Haven are to stand trial for the 1996 grounding of the tanker See Empress, which spilled 21m gallons of crude oil.

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BUSINESS NEWS

Consortium led by Krauss-Maffei wins \$5bn contract for battlefield taxi

A consortium of European companies led by Germany's Krauss-Maffel has won a \$5bn contract for a European armoured carrier nicknamed the "battlefield taxt", Germany, France, Britain and the Netherlands will buy 5,000 to 6,000 vehicles in the next decade in one of Europe's biggest joint procurement orders. Page 18

Société Marsellaise de Cridit, the troubled French state-owned bank e to be privatised via a trade sale. The finance ministry said the bank would be recapitalised "one last

Price Waterbottse's merger with Coopers & Lybrand has been cleared by Swise regulators, removing the last potential barrier to completion of the \$13bn accountancy deal. Page 18

SBF-Paria Bourse is to launch a European depositary receipt market next year to lure listings of emerging market companies from London and New York. Page 18

PolyGram shares weathered the Dutch entertainment group's announcement of lower first-quarter net income, down to FI 15m (\$7.4m) from Ft 122m a year earlier on poor record sales. Page 18

Citicorp was helped by buil markets to offset reduced income from Asian consumer banking. Net first-quarter income at the US bank was \$1.065bn, up 7 per cent.

Page 17; Observer, Page 15 Kimberly-Clark's foray into Europe produced a 19.3 per cent fall in first-quarter post-tax profits. The US consumer product group's net eemings were \$298m.

MEPC, UK property company, is to sell eight US shopping malls for \$871m to US real estate investment trust General Growth Properties. Page 24 and Comment

China Everbright directors have surrendered share options awarded just before the Hong Kong-listed company made a big acquisition lest year. The shares rose 40 per cent two days after the options were granted. Page 22

San Miguel's ownership dispute took another twist when Eduardo Coluangco used his investor-power to install three new directors at the Philippines food and drinks group.

World Competitiveness Yearbook ranks the US the most competitive economy with Singapore and Hong Kong second and third. Page 7

Japan's car output plunged last month as domestic demand collapsed and export growth slowed.

Vaundad car workers are to vote on an offer that would link a threeyear pay deal to the D-Mark-sterling exchange rate. Vauxhall is a General Motors offshoot, Page 10

General Electric Company of the UK is expending its US defence interests with the \$1.4bn agreed takeover of Texas-based defence lectronics group Tracor. Page 17; ex, Page 16

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EU leaders near deal on central bank

presidency

Duisenberg may bow out voluntarily after four years to make way for Trichet

By Lionel Barber to Luxamboury

European Union leaders are edging toward a compromise to break the Franco-Dutch deadlock over the appointment of the future president of the European Central Bank.

Under the deal, Wim Duisen-berg, the Dutch president of the European Monetary Institute, would be awarded a full eightyear term as ECB president with the understanding that he would voluntarily step down halfway

through his term. A gentleman's agreement would state that in the event of his death, removal from office, or early retirement, the top ECB post would go to Jean-Claude Trichet, governor of the Bank of

France. The Maastricht treaty stipulates that the ECB's president should serve a non-renewable eight-year term to buttress the future central bank's indepen-

Senior EU officials cautioned ment in Paris was intent on that the planned compromise retaining flexibility. could still come unstuck in the union, the conversion rates for euro-zone currencies, and the sixmember executive board of the 1-3.

ECB, including the president. Helmut Kohl, German chancellor, and other EU leaders are exerting behind-the-scenes pressure to avoid disrupting what has been billed as an historic summit for Europe. But diplomats remained worried about the unpredictability of Jacques Chirac, France's president.

Mr Chirac provoked the conflict over the ECB job late last year by numinating Mr Trichet as a rival candidate to Mr Duisenberg, the former head of the Dutch central bank. The Dutchman enjoys the support of the 14

Another element in the deal is that the post of ECB vice-president would go to a small country, while Mr Trichet would agree to become an ordinary member of

the executive board. The pre-summit improved at a meeting of EU finance ministers in Luxembourg yesterday when Germany bowed to French-led pressure and softened demands for all euro-bloc countries to use windfall surpluses for debt repayment.

But Theo Waigel, German finance minister, stuck to calls for countries to correct unexpected budgetary shortfalls in the current year and to step up debt reduction, including a lowering of short-term borrowing as a pro

portion of total debt. The German demands had caused irritation among several countries that insisted budgetary policy was a national responsibil ity. Dominique Strauss-Kahn, French finance minister, made clear that the left-wing govern-

The softening of Bonn's posi run-up to an EU summit next tion improved prospects for a colweek in Brussels. The meeting is lective statement by the expected due to decide the founder mem- 11 members of the euro-zone in nic and monetary support of balanced budgets and an acceleration of debt reduction at the Brussels summit on May

The incident nevertheless pointed to underlying tensions between German-driven demands for watertight guarantees that single currency countries will stick to fiscal discipline and the French-led view that growth and employment deserve equal

Finance ministers agreed yes-terday that it was essential EU leaders break the impasse over the ECB to avoid unsettling the financial markets and damaging the credibility of the new central

The rivals, Page 2



the country's second largest port operator, to refustate 1,400 dockers it die won a 24-hour suspension of the Federal Court ruling, which stated that Patrick might have engaged in an union

Outrage at secret deal for UK to store nuclear waste

secret deal between Bill Clinton and Tony Blair for the UK to reprocess and store 5kg of Georgian nuclear material yesterday outraged environmentalists after details were leaked. The decision to airlift the highly enriched uranium from a

research reactor near Thlisi to a reprocessing facility at Domreay in Scotland has sparked controsy because the US and France refused to take the waste. However, the UK government

said it was a "good-news story" because the UK was "doing its bit to prevent dangerous material getting into the wrong hands". The British prime minister

agreed to take the material when he went to Washington in February for a summit with the US president. Mr Clinton had been trying to find a safe home for it for two years, fearing it could fall into the hands of terrorists.

Russia and France both refused to take the waste. US officials indicated that concern about protests from environmental campaigners was one reason the uranium could not be brought into

Kazakhstan to Tennessee, ran was a "one-off". into protests and legal challenges from anti-nuclear campaigners,

airlift was fine to be completed provide further details because of in the past few years. security concerns.

expected to cover its costs from sales of anti-cancer products generated by the reprocessing. It added that the reprocessing was "relatively simple" and

would be completed in "two or three days". The Dounreay plant was critic-

ised last year by the Nuclear Installations Inspectorate. A new condition was inserted into Dounreay's operating licence forcing it to obtain agreement from the NII before receiving any new irradiated material.

The NII said yesterday it wants Dounreay to modernise and upgrade its facilities and it is also concerned about on-site storage of reprocessed material. However, "in the interests of non-pro-

ation called Project Sapphire, permission for Dounreay to treat which brought in 600kgs of the Georgian uranium, of which highly enriched uranium from 0.8kg is irradiated, but it said this There were signs that the Scot-

tish Office was uneasy about the The state department said the deal, because reprocessing at Dounreay has become an increas "within days" but declined to ingly sensitive issue in Scotland The Scottish Office said it had The US will meet the transport been consulted but that it was a

costs. Dounreay said that it matter for the Foreign Office "It's not a question of us welcoming it or not welcoming it," a spokeswoman said.

Bob Maclennan, the local MP and Liberal Democrat frontbencher, said that some of his constituents might be concerned but he welcomed the move.

However, he criticised the government for keeping it secret Kevin Dunnion, of Friends of the Earth Scotland, said the consignment would "open the floodgates for nuclear waste to come to Scotland." Some of it, he said, was "likely to end up on the beaches round the accident-prone

However, this was described as "absurd scaremongering" by a

nuclear facility".

DFS delays \$22m payment to Hawaii

By John Willman in London and David Owns in Paris

DFS, the duty-free shopping chain controlled by French drinks and luxury goods group LVMH, has delayed payments of \$22m to the government of Hawaii for its monopoly concession at the US state's airports.

Payment of \$25.5m was due on March 1, one of four quarterly instalments under the four-year concession agreed in 1996. DFS paid \$3.5m for rent but agreed with the state's transportation department to negotiate deferral of the halance of the \$22m mininum guaranteed share of profits

DFS, which operates mainly in the Asia-Pacific region, wrote to 5,000 drink, tobacco and luxury goods suppliers seeking an extension of payment terms from 30 days to 90, as part of a search for \$200m in cost-savings this year. The company has negotiated a

rent reduction in its Hong Kong concessions, laid off more than 800 staff in the territory and announced the closure of five and is having trouble coming up stores in the Asia-Pacific region. with financial projections. There Sales in Hawaii are down 20 is no point in setting up a plan per cent on last year following the financial turnoil in the Asia-Pacific region, which has led to a March 31 Myron Ullman, DFS sharp drop in Japanese tourists. Some DPS suppliers are refus-ing the request for delays in pay-

ments. When LVMH took control

benefit its own luxury brands L'Oréal, the French cosmetics group, said yesterday it was in negotiations with DFS. It described the proportion of its turnover sold through the dutyfree chain as "not negligible". Other suppliers have reluc-tantly agreed, in some cases fol-

in less than 90 days or for improved display terms. Estée Lander, the cosmetics group, has offered public support. LVMH suppliers have also be expected to comply. They include Moet Hennessy, the champagne

and brandy company, and luxury goods makers such as Louis Vuitton luggage, Christian Dior perfumes and Givenchy couture. The delay in payments to Hawati and suppliers repeats a strategy used to survive the

downturn in tourism during the Gulf War in 1991. The Hawaii transportation cerns about the arrears as DFS had paid in full after the Guif War. "It is a very good tenant

until it has the figures." In a letter to colleagues dated chairman, outlined initiatives to prepare for "what may be a prolonged downturn in the business cycle".

of DFS in 1996, suppliers warned that it would use its influence to Lex, Page 16

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MORSE Thin Clients are on the increase.

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WORLDINEWS

Kohl pledges push for greater Europe integration

By Peter Norman in Berin

much greater European inte-June's European Union summit in Cardiff would pave EU presidencies. the way for a decentralised

Helmut Kohl, the German said his government saw the chancellor, yesterday Cardiff meeting as the opportunity to prepare far-reach superstate. He declared: "I power."

In particular, the summit cised as closely to the people Expressing his conviction as possible. This would be states and municipalities, in five months, and that the that the euro would "give a crucial to the future accep-

The chancellor rejected far falled to pay much atten-

ing institutional reforms in believe it has no chance. A gration. He predicted that the following 12 months of centralised state would the Austrian and German destroy Europe's regional cultures in all their glory".

As he confidently fielded questions on the euro from the European and finance committees of the Bundestag Mr Kohl hinted that the (the lower house of parliaand federal EU after intro- should agree a clear defini- German federal system, in ment), it was easy to forget tion of subsidiarity, the prin- which much power is that Mr Kohl is lagging pean currency at the start of ciple by which power is exer- devolved from the central badly in the opinion polis government to the regional ahead of a general election

rency entailed risks.

objections, there would be "The City is already on that no chance of taking this step journey and where the City for the foreseeable future," he told one Eurosceptic MP. Street". "I am personally convinced that the preconditions for a EU efforts to create a comstable currency have never been better."

Mr Kohl forecast that the was a possible model for the euro is still deeply unpopu-

Britain would join the euro in a Bundestag vote tomor-"But if you just look at the sooner rather than later. row. goes, so does Downing

mon foreign and security

All German political pareuro-zone would have an ties except the former com-"prophesied" that Switzer- Socialism have decided to

The euro would strengthen

mighty push" to the process tance of Europe by its citiof political union, Mr Kohl zens, Mr Kohl said.

The character of Europe by its citinew Europe. He regretted lar in Germany. Mr Kohl land would be an EU memthat the EU treaties had so admitted that the single curber within 10 years and that

D-Mark in favour of the euro

The character of Europe by its citinew Europe. He regretted lar in Germany. Mr Kohl land would be an EU memsupport service of Europe by its citinew Europe. He regretted lar in Germany. Mr Kohl land would be an EU memsupport service of Europe by its citinew Europe. He regretted lar in Germany. Mr Kohl land would be an EU memsupport service of Europe by its citiservice of Europe by its citinew Europe. He regretted lar in Germany. Mr Kohl land would be an EU memsupport service of Europe by its citiservice of Eu

The single currency is sure of overwhelming support from Mr Kohl's Christian Democratic Union, though Kurt Biedenkopf, the mercurial CDU premier of the state of Saxony, threatened yesterday to vote against the euro without binding commitments from "incredible appeal". He munist Party of Democratic Italy and Belgium to cut their debts.

Spain warned on olive

The state of the s

BRIEFIN FOHONE'S CEO

Higher growth

but Asia may h

GERMAN TRACE

MGHT FLIGHTS

Brussels conside

EU INSTITUTIONS

Appeller b.

largest corp

Surplus widens

Franz Fischler, European Union farm commissioner. told Spanish olive oil producers yesterday they useded to shoulder their responsibilities" and avoid over-production as EU nations prepared for the first big battle over reform of the Common Agricultural Policy.

which over-produced should pay a bigger price than in the past to help ensure that the EU did not produce more olive oil than it consumed. Plans for reforming olive oil and tobacco are being considered ahead of those

Mr Fischler said regions

for the larger sectors of dairy, beef and cereals, . which are not due for implementation until January

This has irritated some southern EU countries, which complain of bias towards sectors which are important to northern states. Spanish olive oil producers have demonstrated against a

European Commission proposal which would limit the amount of aid they receive to 40 per cent of the total - available to the sector. Loyola de Placio, Spain's farm minister, told colleagues at yesterday's meeting of agriculture ministers. that the 40 per cent limit was calculated on the basis

of years when her country was suffering from drought, She said four of the five years to 1996/7 used by the Commission in its calculations were unusually dry. and it needed to take into account last year, which was closer to the average. Italy, the other big grower.

is more supportive of the Commission's proposals and is seeking an early decision to enable a new, temporary regime to be implemented in November when the existing

War of nerves in EU's battle of the bank

The clash between the French and Dutch governments over the European Central Bank presidency is drawing to a climax, reports Lional Barber

Central Bank has turned into a war of nerves between President Jacques Chirac of France and Wim Kok, prime minister of the Netherlands. Neither Mr Kok nor Mr Chirac has retreated an inch in support of the rival candidates: Wim Duisenberg,

FINANCIAL TONES
Published by The Financial Times (Europe)
GmbH, Nibelangenplatz 3, 60318 Frankfurt am Main, Germany, Telephone ++49
69 156 250, Fas ++49 69 596 4-811. Represented in Frankfurt by J. Walter Brand,
Wilhelm J. Brüssel, Colin A. Kermard sa
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GERMANY: Responsible for Advertising commet. Colin. A. Krunard. Printer: Harryet International Verlagsgesellschaft mbH. Admiral-Rusen-dath-Strasse 3a. 61263 New Isemburg ISSN 0174-7763. Responsible Editor: Richard Lambert, e/o The Financial Times Limited, Number One Southwark Bridge, London SEI 9HL.

PROTECTION DIRECTOR P. Maraviglia, 42 Rus La Boétie, 75003 PARIS. Telephone (01) 3376 8254. Fax (01) 5376 8253. Printer: S.A. Nord Ecisir, 15/21 Rus de Caire, F-59100 Roubuls. Cedes I. Editor: Richard Lambert, ISSN 1148-2753. Commission Pacitaire No 67808D.

Jean-Claude Trichet, governor of the Bank of France.

the run-up to the European Union summit in Brussels heads of government decide which members will join the the conversion rates for participant currencies, and the

composition of the six-mem-

ber executive board of the central bank. The battle of the ECB presidency involves issues of furious that central bankers French president insists that

bankers - should have the last word on the ECB post. But the dispute has also perennial losers in the international job stakes, believe that Mr Chirac's campaign against Mr Duisenberg lits a pattern of hostile behaviour sade against soft drugs laws in the Netherlands. The

The race to become prest- president of the European Frenchman to balance the dictable Mr Chirac, but he is dent of the European Monetary Institute, and earlier decision to locate the bank in Frankfurt. Germany. The difficulty in reaching

On the contrary, public a compromise is com-positions have hardened in pounded by the fact that both Mr Chirac and, to a lesser extent. Mr Kok are on May 2-3, when the 15 acting from a position of

Mr Kok faces a general single-currency euro zone, election on May 6. Any sign that he is softening support for his candidate would be political suicide.

r Chirac has still not recovered from the crushing blow to his principle. Mr Chirac is still authority when he gambled on early parliamentary electried to engineer the succession to the ECB in the summer of 1996 when they put explain why he has signalled forward Mr Duisenberg to privately that a postponehead the Emi, forerunner of ment of the ECB decision the central bank. The until after the Dutch election may improve the politicians - not central chances of a compromise.

Senior diplomats in Brussels believe this is a miscal-culation. "The Dutch governturned personal. The Dutch, ment will have no more room for manoeuvre after the election," says a EU diplomat. "They are determined that Dulsenberg gets the job. If Chirac blocks him, the which began with his cru- Dutch will veto Trichet."

Hopes of a compromise may rest on Chancellor Hel-Dutch object, too, to Mr Chi- mut Kohl of Germany. He rac's claim that the first has the political weight to

also on good terms with Mr Kok, whom he prefers to Rund Lubbers, his predecessor. Mr Kohl said yesterday: "I am absolutely certain that the decision will be taken on the evening of May 2, and that it will be in consensus. I am absolutely certain that it will be a decision that is beneficial for the reputation of this institution.

Tony Blair, UK prime minister, who holds the rotating EU presidency, is also expected to help negotiate a deal at the summit next week:

One proposal floated late last year involved splitting the eight-year term for the ECB president - either on a shared four-year basis, or with a less generous two years for Mr Duisenberg, followed by six years for Mr Trichet. But the word in Brussels is that a formal split is not compatible with the Maastricht treaty.

A second option involves a gentleman's agreement between the Dutch and the French that Mr Duisenberg would be awarded his eightyear term, but would agree to step down after four or five years. But the Dutch, among others, are worried that Mr Chirac wants something in writing.

This would compromise the independence of the ECB ECB president should be a put pressure on the unpre- president, according to lead-



The rivals: Wirm Duisenberg of the Netherlands (left) and the Frenchman Jean-Claude Trichet are battling to run the ECB when it starts operations in its Frankfurt headquarters in July

ing central bankers. Duisenberg would serve eight years, but Mr Chirac it would rule out his chances

would be offered generous of taking the top job. compensation. This would because the number two slot include giving the vacant job serves only a four-year, nonof President of the European renewable term at the ECB. Bank for Reconstruction and Development to a Frenchman, most likely Phillipe Lagayette, head of the National Savings Bank.

EU leaders could also sward Mr Trichet the job of an ordinary member of the ECB executive board. He with the prospect of moving up to the job of president on the understanding that Mr as it did in 1994, when Puris Duisenberg, 63, would retire ently.

The subtlety of such a Luc Dehaene of Belgium, on A third option is that Mr move is that if Mr Trichet the rest of the EU. was appointed vice-president

Finally, there are rumours of Franco-German manoeuvres over the appointment of the next president of the European Commission, to succeed Jacques Santer.

whose term expires in Januiacing a tough re-election pledge; and such a Franco-German deal could backfire and Born sought to impose their own candidate, Jean-

The French and Dutch were apparently edging towards a deal last week until Mr Chirac baldly restated his support for Mr Trichet at a news conference. Mr Kok promptly warned that he would give the French "a dose of their own medicine" if they blocked Mr Duisenberg.

The Maastricht treaty stipulates that the ECB must be ary 2000. However, Mr Kohl, up and running by July 1 1998. The longer the delay in would then serve an eight-year, non-renewable term, be around to make good any greater the damage to the credibility of the new institution and the greater the risk that financial markets could be unsettled. Time is run-

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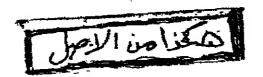
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ates." says Ron Dennis, Managin Director for McC aren Interna Processing our engine and race data efficiently and Intelligently is crucial and CA is helping us approac

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NG", the program can monitor the transmits to the pits while it's racing. serything from throttle respo displays the data through it's award-

ning 3-D, Real World Interface". 1 have a tavorite saying, that is, to come in second is to be the first of the losers," says Ron Dennis. "At McLaren we're interested only MCLEIGH, we have two winning Ompanies sharing a commo



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IN HALL

of 17 new partners:

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Stage - Marinetannes diffille.

Higher growth forecast but Asia may have impact

The United Nations Economic Commission for Europe expects higher growth in eastern Europe and the former Soviet Union this year than last, but warms that the impact of

the Asian crisis on the region may upset predictions.
In its afinual economic survey published today, the ECE says that last year was the first since 1989 to register positive aggregate growth, of 1.7 per cent, largely due to a stabilisation in Russian output after seven years of decline. Growth in eastern Europe is expected to accelerate this year to 4.5 per cent from 2.8 per cent in 1997, though this results more from an end to slump in Albenia, Bulgeria and Romania rather than any general speeding up. Frances Williams, Geneva

GERMAN TRADE

Surplus widens to DM11.7bn

Germany's trade surplus widened to DM11.7bn (\$6.4bn) in February from DM6bn in January, while the current account showed a surplus of DM0.2bn compared with a deficit of DM13.5bn the previous month, according to provisional figures from the Federal Statistics Office.

Economists had been predicting a trade surplus of DM11-12.5bn, while forecasts for the current account ranged between a deficit DM2bn and a surplus of DM1bn.

The January trade surplus was revised to DM6bn from DM6.3bn, and the current account deficit was revised to DM13.5bn from DM12.5bn originally.

 German M3 growth In Merch accelerated to 5.1 per cent from 2.8 per cent in February on the back of strong lending to both the public and private sectors and as money capital for-mation eased. Agencies, Wiesbaden and Frankfurt

NIGHT FLIGHTS

Brussels considers rules

The European Commission is considering whether to impose rules limiting night flights at European Union airports, Neil Kinnock, EU transport commissioner, said yesterday. Discussions were at a "very preliminary stage", Mr Kinnock said, but it was important to clamp down on unfair competition between airports resulting from different rules and to protect people living close to airports from excessive noise at night.

Air express carriers have become very critical in recent months of legislation in some EU states setting night-flight restrictions or curtews at some airports, while airport authorities themselves complain that traffic is being diverted to less regulated destinations. Reuters, Brussels

EU INSTITUTIONS

Complaints rise by 40%

Complaints of maladministration against European Union Institutions soared by 40 per cent in 1997, the EU ombudsman, the Union's main watchdog, said yesterday.
The annual report from Jacob Soderman, who was

appointed EU watchdog in 1995, showed complaints by citizens and officials rose from 842 in 1996 to 1,181 lest year.

New Russian market rules Deputies Istanbul

watchdog agency yesterday of minority shareholder more stringent requirements announced new rules to protect minority shareholders, in an effort to strengthen shaky investor confidence to

the nascent equity market.

Dmitry Vasiliev, chairman rights, is trying to of the Federal Securities Commission (FSC), said the new regulations were likely to come into force in early May but warned they would be fiercely opposed by some of Russia's powerful finan-

The new roles will compel companies to disclose more information to their shareholders before registering new share issues with the FSC and will tighten control over closed subscriptions

rights have hurt Russia's for the disclosure of informafinancial reputation. The tion Companies will be com-FSC, which banned one con- pelled to inform their shareholders about prospective troversial convertible bond issue which would have new share issues at least a diluted minority shareholder

The dilution of shares, that in some cases when we the dilution of packages that belong to shareholders. get documents we cannot find out what violations above all to minority sharewere committed during the holders this is the main issue of securities without a problems that exists and the response from investors," Mr Commission gets complaints from shareholders; Mr Vasi-Vasiliev said. "If we give liev said. "The problem is have an opportunity to that majority shareholders

Mr Vasiliev said that Mr Vasiliev said the FSC Over the past few months among the most important was also introducing a num-Russla's stock market a rash of high-profile abuses of the new measures were ber of other regulations, month before they submit their prospectuses to the strengthen the legal frame- FSC for registration.

"Our experience shows share issue by Moscow City Telephone Network (MGTS). Although investors complained that the issue would dilute minority shareholders, Mr Vasiliev said it had been described in the comparespond to possible viola-tions and complain to the ny's privatisation plan and the investors had therefore been appropriately warned.

tighter control over in-kind payment for shares and a new requirement that general shareholders' meetings approve closed subscriptions

including independent appraisals of the value of proposed share issues, for new share issues in large

The FSC also announced

its verdict on a controversial

urged to yield to Yeltsin

Russia's smaller leftwing parties yesterday called on the Communists to back down in their battleover the appointment of Sergei Kiriyenko as prime minister.

The Duma, the lower house of parliament, has already twice voted against the appointment of Mr Kiriyenko, the nominee of President Boris Yeltsin. The Duma will hold a third and final vote on Mr Kiriyenko on Friday.

If parliament opposes him a third time, Mr Yeltsin will have the right to dissolve the legislature and call new

To prevent that drastic measure - and save their own jobs - participants in a meeting of leftwing groups urged the Communists, the largest party in the Duma, to endorse Mr Kiriyenko. "It was a heated discussion, but most of the participants agreed that the State Duma should be preserved," said Gennady Selezniev, Commu-

nist speaker of the Duma. oped close ties to the Kremlin. Mr Selezniev said he would try at a party meeting tomorrow to persuade his more hardline colleagues to give in to the president. They are mature people and I hope they will understand that the president should not be left to rule Russia alone, without the Duma," he said.

Most political analysts predict that Mr Selezniev's cautious counsel, and the parliamentarians' strong instinct for self-preservation, will prevail. But for now, Gennady Zyuganov, the Communist leader, is holding firm. He said yesterday that his party would again reject Mr Kiriyenko on Friday.

One of the Kremlin's parliamentary allies took that stance seriously, warning that the Duma's verdict was still impossible to predict. "Everything depends on the leftwing opposition," said Vladimir Ryzhkov, deputy



By John Barham in Ankara

A Turkish security court yesterday sentenced the mayor of Istanbul to a 10month jail sentence for a speech he made last December in which he said: "The minarets are bayonets, the domes helmets, the mosques our barracks, the believers our soldiers."

The court rejected the claim by Recep Tayyip Erdo-gan, the leading member of the Islamist Virtue party. that he was quoting from an unnamed Turkish poet. Mr Erdoğan was convicted of promoting differences between people based on region, an offence under the

Turkish criminal code. Mr Erdoğun said: "We are the people who believe in the supremacy of the law and our reason for being is to struggle for a state based on law. This decision is not important for me. The important thing is to be in the heart of the nation. Our legal struggle will continue to the end."

He said he would appeal to the Supreme Court. However, an official of the Electoral Commission said that if his conviction was upheld. Mr Erdoğan would be banned from public office, and would be unable to stand in general elections expected next year.

Mr Erdoğan, 44, has emerged as one of the Islamist movement's most popular leaders, second only to Necmettin Erbakan, founder of Welfare the predecessor of the Virtue party. Comments. tors believed he would try to strengthen his position in the party after a decision in January by the Supreme Court to ban Mr Erbakan from politics for five years

Virtue, the country's larg est political party, is running a close second in opinion polls to the Secularist and Conservative Motherland party of Mesut Yilmaz.

and close down Welfare.

Havel's health renews poll fears caretaker government to lead the country to early Vaclay Havel, the Czech . The elections are unlikely to deliver a firm verdict. Opinion polls indicate that neither the former rightwing coalition nor the opposition Social Democrats and their otential allies will be cape-

president, was recovering yesterday from his third operation in a week, raising questions about his fitness to guide the country through difficult parliamentary elections in June

Mr Havel, 61, became ill last week while on holiday in Austria and was taken to hospital in Imnsbruck, where doctors operated on him for a perforated intestine. Although he remains in a serious condition, doctors say his illness is not life threatening. He has cancelled all duties until the end of May.

The former dissident playwright, narrowly re-elected as president in January, has been in poor health since an operation to remove a lung tumour in Décember 1996. He has spent several periods in hospital.

Although the Czech president has few executive powers. Mr Havel used his considerable personal authority to push Vaclay Klaus into stepping down as prime min-November, Mr Havel also

ble of forming a majority government. Both sides have ruled out a grand coalition. Mr Havel, who helped

can abuse the rights of

CZECH REPUBLIC PRESIDENT'S ILLNESS CASTS PALL OVER ELECTIONS

negotiate the formation of Mr Klaus's minority government after the indecisive 1996 elections, had been expected again to persuade the parties to compromise. "It would be a test of political maturity," said Ivan Gabal, a former adviser. "In the past the parties have forming a coalition without

Although Mr Havel is still popular as a result of his party government. role in bringing down communism, his public support has said that he intends to has slipped because he is play a more visible role in perceived as increasingly

He has also antagonised ister after his governing both the right, who allege he the constitution does not undermined the government



ister. Mr Zeman commented a grand coalition or nonthat the president should In recent weeks Mr Havel reflect that he was only reelected by parliament by one But all the main parties domestic politics. He has remote from ordinary annoyed Milos Zeman, agree there is no obvious

leader of the Social Democandidate to succeed Mr crats, by pointing out that Havel. Any successor would find it difficult to exert as compel him to appoint the much influence as a spokesof Mr Klaus, and the left, leader of the largest parlia- man for Nato and European

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Far right of Solidarity is preaching gospel of euroscepticism over EU membership and is looking to the Catholic Church for backing, writes Christopher Bobinski

he Catholic Church in back their stance. Poland showed impressive political determination in surviving its post-war confrontation with the country's communist rulers. But now the drive for European Union membership which presages big economic and social changes is setting new challenges for an institution to which many Poles still look for leadership on impor-

The Church's very cohesion could be at stake as the majority of bishops have taken their cue from the Polish-born Pope John Paul II EU entry. An episcopal delegation including Cardinal Jozef Glemp, the conservative Polish primate, travelled to Brussels last autumn in a visit designed to show sup-

But now traditionally Catholic nationalist politicians on the far right of the ruling Solidarity Electoral Action group (AWS) are questioning the extent to which Poland should sacrifice some of its newly won sovereignty on the altar of EU membership. And they more than 20 of its own can-are looking to the Church to didates into the Sejm, parlis-Maryja for its religious pro-

tion owned by the Redemptorist fathers and run by Father Tadeusz Rydzyk, a 53-year-old charismatic figure who combines religious fervour with nationalist

Fr Rydzyk's flair for fundraising has enabled the station to flourish since it was set up in 1991. The steady flow of funds from devoted listeners and the fact that the Redemptorists are a religious order not directly under the jurisdiction of the Polish Church has allowed the station to retain a measure of independence.

Fr Rydzyk's influence is considerable. Maryja has a 7 per cent audience share which makes it the country's fourth largest station and its mostly elderly audience can be a formidable force at elections. Fr Rydzyk showed this last autumn when his appeals to the station's 3m or so listeners mobilised a big portion of the AWS's victorious electorate

The station also propelled

Their most vocal outlet is elected under a proportional Radio Maryja, a national sta- voting system, simply by dictating their names over the air. It is now poised to repeat the stratagem in local government elections later this year when an expected low turnout will favour disciplined political groups.

Radio Maryja also put its supporters into the Senate, the other parliamentary chamber, which is elected through a first-past-the-post system. It was here last week that these Eurosceptics scored their first victory by getting a majority for a resolution which demanded that Poland should ensure it would be entering an EU which "respects the sovereignty of individual nations

and states Poland's EU membership negotiations started at the end of last month and the skirmish in the Senate showed that as Brussels steps up its demands for Poland to adapt to EU rules, sovereignty will be one of the main issues on which the argument will turn.

Meanwhile, many Polish

ment's lower chamber grammes, are appalled by its illiberal tone. News items on foreign investments in Poland begin with the words: "The sell-out of our national assets continues." It airs listeners' calls expressing thinly velled anti-semitic views which go unchecked by the station's presenters.

Criticism of the station voiced by Bishop Tadeusz Pieronek, who represents the Church in its dealings with the state, has earned bim the fierce enmity of the nationalists. Archbishop Jozef Zycinski of Lublin - another liberal in Church terms - has been criticised publicly by Senator Krystyna Czuba, a frequent Maryja contributor.

In another sign of growing tension, Fr Jozef Tischner, a hilosopher on the Church's liberal wing, publicly accused Radio Maryja of seeking to "close Poland off from the west" and implied that Fr Rydzyk would benefit from psychiatric care.

Thus it was with an almost audible sigh of relief that the bishops greeted the findings of a recent survey on parish priests' attitudes on the EU conducted by the Institute of Public Affairs, a political stance.



Spreading the word through Radio Maryla in Tonus, Poland

non-partisan think-tank. The survey showed the Church's rank and file still take their tone from their leaders and had 84 per cent favouring Poland's EU entry application. And while many of these well-travelled and multilingual priests said they lis-tened to Radio Maryja, they also tended to ignore its

The study destroyed the stereotype of the Polish Church as a conservative force panic-stricken at the implications of EU membership. It showed that the clergy clearly saw that secularising trends had arrived with the greater freedom following the fall of communism in 1989 and would con-

of whether Poland joined the EU or not. But it also demonstrated

that the Church remains fertile territory for the nationalist right, with 81 per cent of the priests declaring that the EU ought to be no more than an association of sovereign states and a mere 8 per cent in favour of a closertinue to develop regardless knit federation.

Finns and Swedes in plan for Baltics

By Tim Burt in Stockholm

Sweden and Finland are expected to publish today security proposals aimed at stepping up international weapons inspections and verification programmes in the Baltic Sea region.

The security document due to be unveiled in Vienna at the Organisation for Security and Co-operation in Europe - has been drafted partly to counter Russian proposals last October for a ecurity pact built around the Baltic states of Latvia, Lithuania and Estonia

Swedish and Finnish government officials, who responded coolly to the Russian overtures, yesterday said the new document would reinforce "confidence building" measures between Russia and countries bordering the Baltic Sea.

Under the proposals, the two countries will offer more frequent inspections of their armed forces to the other countries in the region, while seeking reciprocal arrangements with other members of the Baltic Sea Council - comprising the five Nordic countries, three Baltic states, Poland. Germany and Russia.

"We are not interested in the Yeltsin idea of a security pact, but wish to see more transparency in military issues," said a senior Swedish foreign ministry official. Lena Hjelm Wallen, the

Swedish foreign minister, yesterday signed the draft agreement at a meeting with Tarja Halonen, her Finnish counterpart. The document will be pres-

ented to the OSCE for further discussion before being formally proposed to governments in the Baltic Sea

Russia has already proposed a separate raft of measures aimed at placating the Baltic states. In a visit to Stockholm last December, President Boris Yeltsin pledged to reduce ground

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Former ministers deny aiding genocidal regime

By Robert Graham in Paris

Four former French ministers including ex-premier Edouard Balladur vesterday denied suggestions that France had aided the Hutu regime in Rwanda to perpetrate genocide against the minority Tutsis in 1994. Mr Balladur, premier

between 1993 and 1995, not only defended France's role but indirectly accused the US of standing idly by and blaming Paris for being party to the genocide.

His vigorous defence of French policy was expected, but his appearance before a a parliamentary commission

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precedent in parliament's attempts to submit overseas actions by the administration to greater scrutiny.

It was the first time so many senior members of any government had been called to account on a sensitive issue of recent foreign policy. African policy has traditionally been the least transmanaged direct from the Elysée presidential palace.

The inquiry, which covered the period between 1990 and 1994, began last month after a series of press reports indicated that successive governments had supplied military aid to the Hutu sparking the genocide.

in Rwanda set an important regime both before and after the genocide began in the spring of 1994.

Alain Jugpé, then foreign minister, spoke in similar vein to Mr Balladur, while François Léotard, then defence minister, praised the armed forces for their humanitarian mission and attacked the media for casting aspersions on France's motives in Rwanda.

Mr. Leotard denied suggestions that France had supplied the two missiles which brought down an airliner at Kigali airport, killing Hutu president Juvenal Habvarimana. Burundian president Cyprien Ntarvamira and

Bertinotti keeps options open

The leader of Italy's Reconstructed Communists is leaving open the possibility that his party will vote against the government's finance bill this autumn, despite giving support to an outline budget presented at the end of last week.

Fausto Bertinotti, the Communist leader whose 34 deputies provide the government with an overall parliamentary majority, has said he will back the outline document which sets out plans to reduce the budget deficit.

But Mr Bertinotti said yesindicative document.' terday that he was determined to maintain a "free was quoted as saying in the hand" over the main finance Il Sole 24 Ore newspaper. bill, which sets out the gov-"Having a free hand and an ernment's budget plans in independent mind means not

greater detail and is voted binding yourself, it means held because they mark the on by parliament at the end

Mr Bertinotti, who temporarily prought down Romano Prodi's administration last autumn, said he regarded the outline budget, which underpins, Italy's bid to join a single European currency as an "indicative" document. But be reiterated his oppo-

government action, including social questions, education and development of the "Nobody seriously imagines that we have locked ourselves into a corner, just because we've voted a good

sition to several features of

judgment if things change," he said. Mr Bertinotti's position must be seen against the backdrop of a fierce row within the Reconstructed Communists over its stance towards Mr Prodi's adminis-

tration once Italy gets the go-ahead to join a single currency. The Communists' president, Armando Cossuta, favours making a firm commitment to back the Prodi

administration but Mr. Bertinotti's comments have triggered speculation that he could threaten to bring the government down this autumn. One factor tempt-Italy will enter a six month period at the end of this year

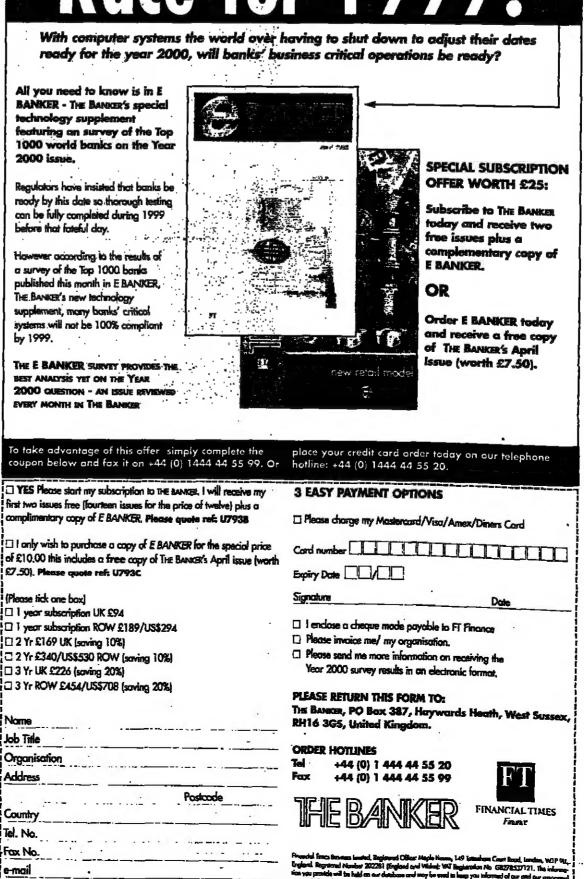
intervening and coming to a conclusion of President Oscar Luigi Scalfaro's term of office.

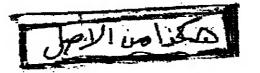
This would allow the Communists to make new demands over the finance bill without risking an elec tion, a development in which the party - on its current electoral showing - would suffer a serious reverse.

Even if Mr Bertinotti were to threaten the government, Mr Prodi could enter into a new alliance with centreright deputies under the leadership of former President Francesco Cossiga, who favours Italy's entry into Europe. However, an alliance of this kind would ing Mr Bertinotti is that bring renewed tensions within the coalition of forces that make up Italy's centrewhen no elections can be left government.

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Kenya's economy, hit by sleaze, debt and El Niño, is caught in a destructive spiral

The scale of the unfolding crisis has taken many by surprise, writes Michela Wrong

how Kenya reached its world Bank, exasperated by current predicament, government sleaze, hit for-Micah Cheserem cites the story of the frog sitting in a

"The temperature keeps rising and every time the frog says: It's painful, but I can take it. In the end, of course, the frog is boiled alive," says the central bank governor. "For too long, Kenyans told themselves they could take the heat. Far earlier, we should have said: There's a problem here we have to tackle"

Only four months after President Daniel arap Moi won a fifth term in office. Kenyans are belatedly registering that the water is close to boiling point.

"It's bad. I've never known it worse," Manu Chandaria, chairman of the Kenya Association of Manufacturers, told local businessmen

was to be expected had been The August cut-off in now estimated at 1-2 per

eign investor confidence and was soon followed by the systematic withholding of The El Niño weather phe-

nomenon devastated agriculture and smashed the infrastructure, while ethnic killing triggered the virtual collapse of the key tourist industry, with bookings down 40-60 per cent. Just when the government should have been cutting expenditure, it doubled teachers' pay, adding an unbudgeted Ks11.5bn (\$193m) to the wage bill.

Despite such pointers, the scale of the unfolding crisis has taken many by surprise. Once targeted at 1.7 per cent of gross domestic product, the budget deficit is now expected to rise to 3.9 per cent. Growth this year, which the finance minister, Simeon Nyachae, acknowledges needs to top 8 per cent if Kenya is to progress, is

cent, with some business-

is a strong possibility. In a continent where gov-C truggling to explain tional Monetary Fund and ernments are obsessed with pay duty. Directors who took external debt. Kenya is having trouble servicing a very the state-owned Kenya Comdifferent kind. Domestic debt mercial Bank (KCB) have - money borrowed locally to cover the ballooning deficit sus of teachers, aimed at will soon reach a record Ks158bn, costing Ks32bn a

year to service. The governmen in a destructive spiral: said the teachers' five-year forced to issue ever more Treasury bills at ever higher interest rates to pay interest on previously issued bills. Interest on the 21-day bills already stands at 27 per cent. pushing bank rates to levels. where credit becomes crip-

If that trend continues, experts estimate, in two years 95 per cent of government expenditure will be going on wages and interest payments, with only 5 per cent left for development and maintenance.

Recent months have seen an unprecedented flurry of action in the hunt for cash.

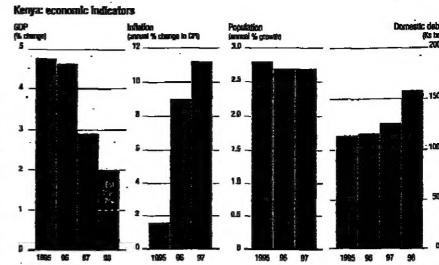
men saying negative growth gling. Politicians who been sacked. A national cenhas been launched.

When it became clear this was not enough, Mr Nyachae pay rise could not be implemented and he wanted to see a 20 per cent cut in the wage bill every year.

If these threats are put into effect in the June budget, they carry the risk of widespread industrial action. Another way of raising

revenue would be to speed privatisation. But readying such unwieldy monsters as Kenya Posts and Telecommunications for sale takes time. And problems at KCB have highlighted another issue: many parastatals have been too thoroughly milked to appeal to purchasers in

their current state. Given these obstacles, many pin their hopes on the mending of relations with



aid flows. They point to the funding looks unlikely. start of the trial into the Gol "I don't expect the the

denberg scam, which implicome back for at least a cated top treasury and cenyear," says a diplomat. "It is tral bank officials, as a sign Mr Moi is finally tackling

But the IMF is not due to visit Kenya again until August. Talks could drag on for months and it is quite possible the IMF will con-clude the government's antigraft drive is little more than a public relations ploy. The only recent grant,

\$100m World Bank emergency fund to repair El Niño's ravages - will not be approved until June. Insiders say that further first time know it," says Mr

"I don't expect the IMF to

going to be a very hard year and a lot of people are going to go hungry."
Optimists pin their hopes on the new parliament. which for the first time holds a significant number

of opposition members. With Mr Moi making noises about burying past differences, they believe there is an opportunity for all-party co-operation to tackle the nation's problems.

"The economy is on its knees and the leaders for the

Cheserem. "This time there Sometimes you need a crisis to wake people up.

But many analysts say that on the contrary, the question of who will fill the vacant vice-presidency thereby becoming Mr Moi's ruling Kanu party that key decisions are simply not

being taken. The élite is obsessed with the struggle for succession rather than focusing on the issues, says an official from a lending institution. "Our

attack on US

renews

Iraq

Irao yesterday renewed its attacks on the US and the United Nations weapons inspectors, a day after the State Department accused Baghdad of failing to co-operate with inspections. Tariq Aziz, Iraq's deputy prime minister, told state television the US had used mercenaries as arms inspec tors to maintain the UN

sanctions imposed on Iraq

since its 1990 invasion of Kuwait. On Monday, James Rubin the State Department spokesman, said a new report by Richard Butler, head of the UN arms inspectors, had indicated that Iraq had not complied with UN Security Council resolutions

in any area of substance". He said the report showed traq had failed to co-operate in coming forward with information needed to allow the UN to conclude Iraq had indeed destroyed the weap-

Editorial Comment, Page 15

Israelis cool on London talks

By Judy Demosay and Avi Machila in Jerusalem

Israel yesterday played down expectations of any breakthrough in the stalled peace negotiations when Madeleine Albright, US secretary of state, holds talks in London next month. She is scheduled to meet separately Benjamin Netanyahu, Israeli prime minister, and Yassir Arafat, president of the Palestinian Authority.

"To raise expectations would probably be counterproductive," said David Bar-Illan Mr. Netanyahu's

The change in tone coincides with growing pressure from both Washington and the European Union to break the year-old impasse in the talks after Israel started building a new Jewish settlement at Har Homa in occupied Arab east Jerusalem.

Both US and EU diplomats, consulting regularly, realise time is running out for the implementation of the interim Oslo agreements which were to pave the way between Israel and the Palestinians. The five-year interim period expires on May 4 next year, exactly a year after the London meet-

tors in substitution

THE WORTH COS

Mr Arafat has pledged to unilaterally declare a Palestinian state in May, 1999 and the main Arab states are almost certain to back him unless there is movement on the peace process in the next two months. Yesterday, Mr Netanyahu said: "If Arafat takes unilateral action...we will have to consider what unilateral actions we take on the territories under our

West Bank territory is divided into three areas. The PA fully controls Area A, or about 3 per cent of the land. israel has security responsibility and the PA civilian control over Area B, 27 per cent of the West Bank. And Israel has full control over Area C, the remaining 70 per

Under the Oslo accords and the January 1997 Hebron accords – signed by the Netanyahu government -Israel was to hand over unspecified amounts of West Bank territory to the PA in three stages, to be completed by the middle of June this year. So far, no troop pullbacks have taken place. The PA rejected the first one, proposed in March 1997 on the grounds that the two per cent of land being offered by Israel was inadequate.

Mrs Albright's proposals, not yet formally presented to Israel, envisage Israel handing over 13.1 per cent of land to the PA. But Mr Netanyahu, according to advisers, is unwilling to consider anything above 9 per cent. But Mr Netanyahu could face more pressure from within his own government not to carry out any redeployments now that he is negotiating to get the far-right Moledet party into his coalition. Moledet is vehemently opposed to the Oslo accords.

Shell quits climate lobby

man of Shell Transport and Trading, the UK-listed arm of the \$190bn group, said the company had irreconcilable Global Climate Coalition.

He said that unlike Shell the GCC opposed both ratifi-cation of the Kyoto protocol and targets for reducing

Shell's move was welcomed by environmentalists as helping to break down industry resistance to action to reduce fossil fuel consumption linked to climate change. Greenpeace, the pressure group, said it sent a very clear signal to the other oil companies that the times of trying to scupper

The group has been a member of the GCC, which represents most of the US fossil fuels, manufacturing and energy-intensive indus try, through its US subsid-

'Shell's announcement follows a similar one more than a year ago by British Petroleum. Its smaller rival is often seen as more nimble in promoting its green creden-

The report is part of Shell's attempts to clean up its act following public protests over its failure to act on human rights violations in Nigeria and its abortive attempt to dump the Brent Spar oil rig at sea.

to competitors.

The anti-corruption stand had already prompted Shell

the 21st century. The report's most ambitious aim is to install an externally-verifiable system for measuring the whole group's performance on "green" and social issues.

Royal Dutch/Shell, the world's largest oil group, said yesterday it was pulling out of the main US industry organisation lobbying against the Kyoto climate change treaty.

Mark Moody-Stuart, chair-

greenhouse gas emissions linked with climate change.

climate change accords are

Mr Moody-Stuart was presenting a report which for the first time seeks to assess Royal Dutch/Shell's environmental and ethical record against new more proactive principles on non-financial

The report's most striking disclosure was that 23 Shell employees were sacked last year for violating the company's no-bribes policy. Mr Moody-Stuart said most of the offences were in Nigeria. Latin America, and Asia. They ranged from taking money for admitting people into Shell offices to one case in the North Sea, where an employee had sold commercially sensitive information

to pull out of a joint venture in which its partner had been involved in paying bribes to local officials, he said. It had also lost it some contracts although Mr Moody-Stuart said an ethically ambitious approach was "the right way and the most rewarding way to behave" for any company in

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MUMBAI - DELO - PARIS - SÃO PAULO - SINGAPÔRE - STÔCKHÔLM - SYDNEY - TORYD - TORONTO - WAREAW - ZÚRICH Approved by what AMRO Asset Management (UK; Limited, regulated in the UK by IMRO for persons who are not private investors By Gwan Robinson in Sydney

Australian dockworkers scored an important success yesterday when a court involvement in the dispute ordered Patrick Stevedores, grew last December, when it the country's second largest port operator, to reinstate 1,400 dockers it dismissed two weeks ago.

24-hour suspension of the non-union stevedores. Federal Court ruling, which The dispute interstated that Patrick might have engaged in an unlawful conspiracy when it sacked the dockers and replaced them with non-union labour.

But the initial judgment was seen as a moral victory for the Maritime Union of Australia (MUA) and a serious political blow for the conservative coalition of John Howard, the prime the company's facilities minister, who has supported Patrick's attempts at reforming labour practices on Australia's waterfront.

Trading of shares in Lang Corporation, Patrick's parent, were suspended on the Australian Stock Exchange after they slid on the news to A\$1.90, 10 cents below the

Most damaging for the government was the court's union's claims of an unlawful conspiracy between Patrick, the government and the National Farmers' Federation, the main farmers lobby and a long-time union foe.

"There is an arguable case that the Patrick owners and Patrick employers have engaged in an unlawful conspiracy," Tony North, federal court judge, said in his

Union members in the court applauded loudly on hearing the initial ruling and chanted "MUA - Here to Stay!", the union's rallying cry, as they left the building. But Chris Corrigan, Patrick's chairman, said the order seemed "unworkable" "feared for their lives" and

union members who had

threatened violence. Speculation about the extent of the government's emerged that Australian workers, including some serving military personnel, were undergoing training in The company later won a the United Arab Emirates as

> The dispute intensified earlier this year when the farmers' federation set up a company to lease part of Patrick's dock facilities in Melbourne for a non-unionised stevedoring operation.

> The MUA last month set up picket lines at the Melbourne facilities and launched industrial action which has since spread to around Australia and has left more than 11,000 con-

tainers sitting on the docks. International shippers, fearing domestic and international industrial action, have switched much of their business to Patrick's rival, P&O. Exporters, including meat, cotton and wool producers, have warned that delayed shipments will cut into earnings. Toyota Aussuggestion of support for the tralia last week shut down its plant for several days in

response to the dock dispute. But Australia's top business body said yesterday that leading companies were prepared to suffer some costs to achieve "true reform" on Australia's waterfront. "My judgment is that the chief executives of major companies in Australia are prepared to wear a fair bit of pain this time around," said Stan Wallis, chairman of the Business

Council of Australia. In a rare vote against the union movement, public opinion polls have supported the principle of waterfront reform. However, concrete evidence of government as some port managers involvement in a union-busting conspiracy could reverse

Much-feared ghosts of deflation return to haunt Japanese

Paul Abrahams reports on the possibility of a downward spiral in Japan's economy

deflationary cycle have been tantly used by economists because of its indelible association with the Great premiums. Depression of the 1980s.

sumers do not spend because they know goods will be This can have a devastating effect on corporate profits because companies end up with inventories whose value is rapidly falling.

The danger is that a deflationary cycle emerges: groups begin holding back on capital investment, reducing production and cutting wages, overtime and bonuses, which in turn causes employees to spend

In spite of the Japanese authorities' insistence to the contrary, evidence of deflation is strong. In the first 10 days of April - the first period in which the sales tax rise of April 1997 did not affect the data - wholesale prices fell year-on-year by 2.1 per cent.

The deflationary pressures in Japan are considerable. Most important, consumer demand is weak. Real employee income has fallen

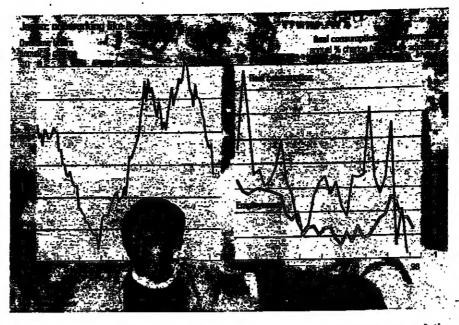
Suggestions this week more than 1 per cent year-only might be entering a according to Goldman Sachs. The US investment bank forcefully denied by the blames this on a combina-Bank of Japan - not least tion of the 2 percentage because deflation is such a point sales tax increase, the scary term: it is only reluc- abolition of special income tax cuts last summer and increases in social security

In theory, the sales tax Deflation occurs when con- increase should now have worked its way out of the system. But unemployment cheaper in the near future. is at a post-war high of 3.7 per cent and wages, bonuses sure, discouraging consumers from spending. Overtime in manufactur-

ing, for example, fell 5.8 per cent year-on-year in Febru-ary. With income growth stuttering and the economic outlook uncertain, the danger is that most of the tax cuts being proposed by the government are likely to be

Further deflationary pressure has been created by the east Asian economic crisis. This has had the dual effect of hitting Japanese exports and threatening to increase volumes of cheap imports. boosted by the collapse of other Asian currencies. In addition, prices of oil and other commodities remain low: import prices fell more than 7 per cent year-on-year in March.

Deregulation is also forc-



ing prices down in some sectors, such as telecommunicarate call from Tokyo to Osaka using NTT, the market leader, has fallen from Y140 (\$1.06) for three minutes in January last year to just Y90 (68 cents). Some competitors are offering

rates as low as Y48. The impact of weak demand and falling prices on basic industrial companies has been particularly tough. Their profits have been squeezed by falling capacity utilisation, which has increased unit costs, high inventories whose values are falling, and falling prices. competition are suffering.

Since January last year, the chemical, textile and steel sectors have fallen on the stock market by 24 per cent, 27 per cent and 49 per cent

respectively.
Nevertheless, the dangers of a real deflationary spiral are more apparent than real, at least for the moment. For one thing, not all sectors of the economy have been similarly hit. "Are we looking at an across the board, economy-wide, collapse in prices? The answer is No," insists Ron Bevacqua, economist at Merrill Lynch in Japan. True, those basic industrial sectors exposed to outside

but in other parts of the economy, prices are holding up," he says. Nor is there evidence that

consumers are delaying purchases, insists ING Barings, the most consistently optimistic foreign brokerage in Tokyo. Richard Jerram, an ING Barings economist, admits that year-on-year retail spending figures look horrible - Tokyo department store sales plunged year-onyear by more than 20 per cent in March.

But annualised comparisons were distorted by last spring's rush to spend before the sales tax rise, he says. The figures are likely to rebound this month and stabilise over the summer, he

Koji Omi, Economic Planning Agency minister, yesterday pointed out that on a seasonally adjusted basis, March sales at department stores in Tokyo and Osaka were up 4.7 per cent and 8.1 per cent respectively compared with the previous Moreover, although

take-home pay is under pressure, failing prices have the benefit of increasing spending power, says Mr Jerram, This, together with the Bank of Japan's loose monetary policy and the latest stimulus package, should keep prices reasonably stable, he maintains.

However, if the economy does stumble into a deflationary spiral the damage could be considerable. The only benefit might be that it would put further pressure on the Japanese authorities to take more meaningful measures to stabilise the economy.

"The decision to expand fiscal policy is the only bright spot on the horizon." says Brian Rose, economist at SBC Warburg in Tokyo. "But at best this latest stimulus package will only stabilise the economy, it will not help Japan address its long-term structural problems. Japan needs urgently to restructure, and at the moment there is no sign of

JAPANESE ECONOMY NEWSPAPER COMPARES COUNTRY WITH THE TITANIC AND QUESTIONS PRIME MINISTER'S FITNESS TO BE CAPTAIN

Business leaders assail Hashimoto leadership

Ryutaro Hashimoto, Japan's prime minister, came under renewed attack yesterday from business leaders and newspapers for his management of the economy. "Prime Minister Hashi-

moto should step down. The market is signalling a vote of no confidence in him," said Selji Tsutsumi, deputy chairman of the Japan Associa- front-page article, the Yomi- warned that "unless some tion of Corporate Executives. uri Shimbun, Japan's most effective measures are taken.

the Saison group of companies, is the first business leader to call publicly for Mr Hashimoto's resignation. His Mr Hashimoto's ability to remarks follow strong criticism from Norio Ohga, chairman of Sony, who compared the prime minister with Herbert Hoover, the US president at the onset of the Great Depression.

save it from sinking. "Is the Japanese economy destined to share the fate of the Titanic?" the Yomiuri

asked. The influential daily. normally a champion of the status quo and previously a In an unusually blunt supporter of Mr Hashimoto,

compared the country with worldwide economic chaos". The newspaper questioned the Titanic and indicated it whether Mr Hashimoto had did not have confidence in the leadership qualities to overcome the crisis. So far Mr Hashimoto had been "virtually disappearing in times of crisis", it said. "The country does not need a wishy

washy prime minister." The public attacks are a severe blow to a prime minister who does not have a

Liberal Democratic party. "You have an election coming up in July in which more than 30 per cent (of the seats] will be a popularity race between the parties. The LDP wants to have the right man at the helm, notes John Neuffer, political analyst at Mitsui Marine Research Institute.

The prime minister also faces a widening rift with two members of his coalition. The row stems from the

... NEWS DIGEST

China to set up deposit

Dai Xiangiong, governor of China's central bank, said

yesterday a decision had been taken to create a deposit quar-

antee system. Mr Dai said the initiative would start with guar-

Banking analysts said the initiative was consistent with Chi-

Mr Dai also said the number of smaller banks in rural areas

was likely to increase from about 100 to 200 by an unspecif-

ied date. The move appeared to be aimed at ensuring that

ger state banks, such as the Bank of China, concentrate on

the more lucrative urban business. James Kynge, Beijing

rural areas remain well served with banks as some of the big-

antees for deposits in some "important banks", but did not

specify which ones. He gave no timescale for the plan.

na's ilberalisation of its banking sector and would help to

forestall runs on banks and may boost savings.

LIBERALISATION OF BANKING

guarantee system

cratic party and the New Party Sakigake to support an LDP-drafted ethics bill which bans legislators from receiving money as favours for influence-peddling.

So far, the LDP's power brokers are standing behind Mr Hashimoto. But with Japanese corporations preparing to unveil forecast poor financial results next month, his position is likely to get worse before it gets better.

UN may publish Indonesia forest fire blacklist

The linited Nations' top environment official yester- fires in the region. day threatened to publish a blacklist of logging companies shown to be responsible engage in sustainable forfor sparking forest fires in estry, there should also be Indonesia and elsewhere in south-east Asia.

director of the UN Environment Programme, said publi- nies, the former German cation of a company black- environment minister said. list could form part of an

ARGENTINIAN INVESTMENT COMPANY

Société d'Investissement à Capitel Variable gistered Office, 42 Boulevard Royal, Luciembo R.C. Luciembourg B 35,M2

NOTICE
Is himsby given to the holders of shiese in ARCENTINIAN INVESTMENT COMPANY (the "Company") that an extraordinary general receiling of shinterholders of the Company will be held in Lamentoury, 47, Boulevard Royal, on May 4, 1986 at 10.00 a.m., with the following agentia:

entine text of the proposed emendments was mailed to all the charatholders of the Company is available, upon request, at the offices of State Street Bank Luxembourg S.A., 42, Boulevard

BRAZILIAN INVESTMENT COMPANY

Société d'investinament à Coptet Vorintre spintered Office: 47, Bouleverd Royal, Luxembourg R.C. Luxembourg B 26,610

hereby given to the holders of shrees in BRAZILIAN RIVESTMENT COMPANY (the tompeny) that an escaprohery general meeting of shumbolism of the Company will be held in assimbourg, 47, Souleverd Royel, on May 4, 1985 at 10.15 s.m., with the following agencia:

ACCEPTION

ACCEPTION

To decide the argundament of anticles 3, 5, 6, 8, 11, 81, 21, 22, 23, 24 and 25 of the articles incorporation of the Compuny with the main purpose to authorize the Compuny to less different classes of shares and, is addition, to design the articles are shared and an addition, to design the retirence to "Braudien Investme Funda" broughout the critical of incorporation.

Funcil* throughout the strictes of incorporation.

The settle text of the propinent amendments was mailed to all the shareholders of the Companies and associate, unon sequent at the offices of States Street Benk Lupombourg 5.A., 42 Boulders.

recycle, Linearsource, in order to the stars of the agenda, at least 50% of the sheres issued must be present or represented at the extraordinary general meeting, and a decision in favour of the agent of the agenda shelf be approved by shereholders holding at least 20 of the straws present or

MEXICAN INVESTMENT COMPANY

ditte d'investigement à Captai Variable red Office: 42 Boulevard Royal, Luseambourg R.C. Lusembourg B 31888

eby given to the hotiers of shares in MEXICAN INVESTMENT COMPANY (the "Company") an extraordinary general meeting of shareholders of the Company will be held in abours, 47. Boulevard Royal, on May 4, 1996 at 11,00 a.m., with the following agenda:

AGENDA to secide the amendment of enticles 5, 6, 8, 10, 11, 16, 21, 22, 23, 24 and 27 of the enticles of appropriation of the Company with the mole numbers to entered to the Company with the mole numbers to entered to the

in order to deliberate validity on the last of the agenda, at least 50% of the phases issued must be

PERUVIAN INVESTMENT COMPANY

NOTICE

is hereby given to the holders of sharms in PERAVIAN INVESTMENT COMPANY (the Company) had an extraordismy general meeting of shareholders of the Company will be held in Legenbourg, 45 Budievard Royal, on May 4, 1958 at 115 a.m., with the following agentic

AGENDA
to decide the emandment of articles 5, 0, 8, 10, 11, 21, 22, 21, 24 and 27 of the articles of propospage of the Company with the main purpose to suspicious the Company to issue

complete values of the proposed amendments was maled to all the shareholders of the Company the entire text of the proposed amendments was maled to all the shareholders of the Company and is available, upon request, at the offices of State Street Bank Lusambourg S.A., 47, Boulevard

royee. Commission which can the large of the agenda, at least 50% of the shared issued must be present or represented all the extraordinary general meeting, and a discision in layour of the large of the agenda shall be approved by shareholders holding at least 20% of the shareholders present or

Société d'Investicement à Capital Variable gistered Office: 42 Boulévard Royal, Lunembourg R.C. Liaembourg B 43-274

igner in registration of the agench, at least 50% of the shares issued must be used waitely on the term of the agench, at least 50% of the shares issued must be period at the monordoxry gament meeting, and a decision in levour of the term of the shares patient to the shares are the shares and the shares patient to the shares patient to the shares are the shares and the shares are the shares

penalties for "misbehav-Klaus Topfer, executive ity that could lead to loss of business for those compa-He was speaking after

On behalf of the Board of Directors

On behalf of the Board of Directors

On behalf of the Board of Directors

By Frances Williams in Geneva international action plan chairing a meeting in out to be one of the greatest. Mr Töpfer said it was razed this year and that the now being drawn up to Geneva of fire-fighting ecological disasters of the judged impossible to fight all situation was out of effective tackle the problem of forest experts, international agen- millennium". While there needed to be how to tackle the forest fires \$10m package of immediate envisaged measures to extinincentives for companies to still raging out of control in measures, after hearing from guish those fires that posed

> time should be lost in mobil- in combating the fires, ising international efforts to including identification of

Indonesia's East Kalimantan members of a UN fact-find-Province. These threaten a ing team which went to the human health and the envilour", including bad public- smog over much of the Indonesia, in the throes of ing to new areas, and nate future help. an acute economic crisis, has Earlier. Mr Töpfer said no asked for international help deal with "what may turn rogue companies.

the existing fires. Instead, control. cies and donor countries on
The meeting approved a the short-term package improve indonesia's fire-

fighting capability. in East Kalimantan had been enforcement.

The meeting discussed longer-term plans for tackling forest fires in the region the greatest dangers to aimed at addressing the causes and creating an interrepeat of last year's choking region earlier this month. ronment, stop fires spread- national network to co-ordi-

Measures under consideration include greater incen-The fact-finding team said tives for sustainable forestry over 200,000 hectares of land and more effective law

JAKARTA REFORMS PLEDGE IGNORED AS LIQUIDITY SUPPORT FOR BANKS IS INCREASED

Rates raised to bolster rupiah

By Sander Thoones In Jakarta

Indonesia raised interest was meeting monetary targets agreed with the International Monetary Fund.

announce further structural bave crippled many troubled and banking reforms today, eager to meet the first of several IMF deadlines before the was well within the agreed of its \$17bn gross foreign Fund decides whether to release further tranches of standby credits and open the Assets, set for the end of this way for billions more in

The government will

Bank Indonesia, the central bank, raised rates on its certificates by 3 to 5 percent- sharp rise in liquidity sup- clove cigarettes and farmers a large shareholder of BPPC. age points to curb a slight weakening of the ruplah last week and boost its efforts to meet targets for money not to increase the level of the a trade monopoly on growth and reserves.

rupiah ahead of the announcements but sold around Ro9,700 to the dollar. Bank director Miranda Gultom said a larger rise would

Ms Gultom said Indonesia targets for Net International month, and was only Rp300bn above the agreed \$7bn in liquid reserves and target for reserve money. Much more serious was a Meanwhile, producers of

Rp103,000bn, despite a pledge

rates yesterday to support some when the rise disap- but said much of the added the ruplah and claimed it pointed, leaving the ruplah liquidity was mosped up by BPPC monopoly immedi-was meeting monetary tar-only marginally stronger, at issuing bank certificates. In stely and liquidate the com-January the bank printed more than Rp10,000bn to cover support for banks. The bank issued its most detailed progress report to

date, revealing that \$10.8bm assets were liquid and forers had feared that Bank Indonesia commanded only had large swap obligations. port for troubled commercial say the government has important pledge to disman-

Traders had pushed up the rush on the banks in early dent Suharto's son, Hutomo upiah ahead of the April, sparked by the closure "Tommy" Mandala Putra. nnouncements but sold of seven banks, was to blame Mr Suharto this month promised to dismantle the pany by June, as part of a wider pledge to curb a network of privileges for his children and friends.

Ismanoe Soemiran, chairman of an association of cigarette producers, said the finance ministry requires cigarette producers to show contracts with BPPC even though it officially lost its monopoly as part of the reform package agreed with the IMF. Some producers say Kembang Cengkeh Nasional banks from Rp87,000bn to reneged on a symbolically is due quietly to take over the monopoly in June. The finance ministry and support. Ms Gultom said a cloves, controlled by Presi- BPPC declined to comment.

CHINA RIVALRY Taiwan to seek OECD role

Talwan plans to apply soon for observer status at the Organisation for Economic Co-operation and Development, a move likely to prompt an outcry from China. "As the world's 14th biggest trading nation, we feel we can make positive contributions to the formulation of policies in trade and other areas and will submit a formal application soon," Un Yi-fu, Taiwan's vice minister of economic affairs, said yesterday.

Taiwan faces more obstacles in joining the OECD than in its bid to enter the World Trade Organisation, now under way.

The WTO will let Taiwan in as a "separate independent customs territory" under the name "Talwan, Penghu, Kinmen and Matsu" - islands under Taipel's control. But the OECD has no such designation. Beijing regards Taiwan as a renegade prov-Ince and has pressured all but a handful of tiny countries to end diplomatic recognition. Laura Tyson, Taipei

HONG KONG BANKING

BIS plans first overseas office

The Bank for International Settlements, the central bankers' bank, is to open its first overseas office, in Hong Kong, to reflect the growing financial might of the Asia-Pacific region. Joseph Yam, chief executive of the Hong Kong Monetary Authority, the territory's quasi central bank - in whose offices the BIS will initially be based - called the move a milestone in relations between Hong Kong and the BIS.

BIS said the move was unrelated to the recent Asian financial crisis, which was largely precipitated by flows of "hot money" and weak banking practices. It said Hong Kong was chosen for its location, which it regards as central for Asia, and its "excellent facilities". Louise Lucas, Hong Kong

PHILIPPINES TRADE

Export growth narrows deficit

The Philippines' trade deficit narrowed to \$1.1bn in the first two months of this year, a 45 per cent contraction year-onyear as exports continued their buoyant growth and imports slumped, according to government figures. Imports fell 0.8 per cent to \$5.42bn. Exports surged 24 per cent to \$4.34bn, maintaining a performance far better than elsewhere in the region. Imports in February fell 1.6 per cent, the second consecutive month of negative growth and the lowest rates since 1992, reflecting a slowdown in domestic demand in the wake of the regional currency crisis. Justin Marozzi, Manila

Accord reached on New Caledonia

By David Owen in Paris

France has reached an tory of New Caledonia that the island to sign the agreemay settle the South Pacific ment on May 4 and 5. Mr the next 15-20 years.

yesterday in Noumea, the ing for New Caledonia. New Caledonian capital, by the French government, as well as separatist and loyal- tiators had reached "a balist representatives, removes anced agreement for a the threat of a potentially shared destiny". destabilising referendum on self-determination in the ter- ment, which followed two Poum deposit held by ritory later this year.

take place in 15-20 years'

end of this year.

that "a new step of peace The agreement, initialled and development" was open-Jean-Jack Queyranne, overseas minister, said nego-

Yesterday's announcemonths of talks on greater Instead, such a vote would self-determination for the island's 170,000 people, had time. A poll on political an immediate effect on organisation on the island, shares of Eramet, the stateone of the last remnants of controlled French mining sation could be of the order France's colonial empire, group. The shares closed up of FFribn (\$166.6m).

will be arranged before the FFr19.70, or 7.4 per cent, at France's previous centrethe company.

the island that could see

on the island for the smaller ties was reached. Société Minière du Sud Pacifique (SMSP).

FFr284.50, on expectations right government planned to Lionel Jospin, French the stability heralded by the strip Eramet of the Konaccord on its overseas terri- prime minister, is to visit pact would be beneficial for lambo concession, but these plans were resisted by Mr Two months ago, the com- Rambaud. This agreement island's political future for Jospin's office said yesterday pany agreed a deal concern- paved the way for the accord ing nickel concessions on announced yesterday.

Under agreements signed hundreds of millions of in 1988, a referendum on francs in compensation paid self-determination was to to it by the end of this sum- have been held this year on the island, unless a deal It agreed to exchange its between the French govern-Koniambo nickel concession ment and local political par-

The local Kanak independence movement, which is close to SMSP, made reach-Mr Yves Rambaud, Eramet ing a deal on Koniambo a chairman, said at the time prerequisite to beginning that the amount of compenpolitical talks

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US leads in competitiveness rankings

The US remains easily the world's most competitive economy and only a big stock market crash could dislodge it from its preeminent position, according to the latest annual World

Competitiveness Yearbook. The yearbook, compiled by the Swiss-based International Institute for Management Development (IMD). continues to rank Singapore

third respectively, despite (24th) have moved up the are based on statistical data, labour market and, espethe Asian economic crisis. Rossia traffs at the with one-third coming from cially, massive investment in Ireland, Europe's "tiger" with 8.3 per cent growth last year, has jumped from 22nd place in 1996 to 15th last year and 11th this year.

However, Japan, second in the competitiveness league table five years ago, has plunged to 18th place from 9th last year and other south-east Asian tiger economies have lost ground. By contrast, Taiwan (16th) and and Hong Kong second and to a lesser extent China

bottom below Poland and Colombia.

The league table ranks 46 countries on 259 criteria designed to measure factors providing a good business environment. These include economic performance, infrastructure, the role of government, managemant, logical competence and so

Two-thirds of the criteria lation, flexibility in the 0204 email ocytnfo@imd.ch.

than 4,000 business executives worldwide.

Prof Stephane Garelli, the long term, complacency, director of the IMD's competnomic expansion have Available US as the most compthe financial system, techno- etitive nation in the world.

"Privatisation, deregu- Lausanne, fax +41 21 618

an opinion survey of more new technology have worked. Only a major crash

ive 23, PO Box 915, CH-1001

could threaten a situation itiveness project, says seven that is historically excep-"strongly installed" the www.imd.ch/wcy.html. Printed report available June from IMD, chemin de Beller-

World comp

UNITED STATES

Saint Pete performs an act of faith on the Mexican border

Senator hopes \$9m 'port of entry' will help industry cash in on booming cross-border trade. Christopher Parkes reports

tureless all around - and from near El Paso airport. read from the Kevin Costner

to leadership

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New Mexico. With a quote from the film Pete last week opened the latest "port of entry" linking Mexico and the US and inaugurated what some hope will be a new economic era in this dusty corner of the

Beach, California, and a Mexican hinterland. turing plants, just below the borizon in an industrial park

pects for a serviceable road to link the shiny new customs house with Juarez, the maquiladora town (export assembly zone) 15 miles the maquila system, is away south of the border and already desperate for limit. government funds for facilities to keep pace with its seemingly unstoppable

"It is my hope that as the traffic and trade numbers grow, we will continue to expand and improve the surrounding infrastructure," said St Pete at a ceremony marking the end of a 20-year campaign for state and fed-

border manufacturing and transit zone are further complicated by the fact that draw less than 5 per cent of Santa Teresa, although in New Mexico, is little more than a rich suburb of El

Lacking basics such as petrol stations, it is home to development agency. "If a engineers and executives mirror fogs up when we hold engineers and executives who daily ply their trade it to their mouth, they have between El Paso and Juarez, a messy nexus which daily handles 20 per cent of all goods traffic between the

two nations. The hopes of Senator Domenici and the ambitions of the privately owned Santa Teresa Development Corporation, which is building the nearby industrial park, are based mainly in a complex of claimed advantages over the congestion, high costs and political problems plaguing

the El Paso-Juarez link. The three bridges crossing the Rio Grande from El Paso in poorer regions. form natural bottlenecks in which even unchecked trucks can linger for up to four hours. Poor relations, attested to by Mexican busi-

communications. offers a lower tax base and per cent to basic pay rates. subsidised investment capital. "It is cheaper to do business here," says Ed Thrush, manager of Klingler International Technologies, a diversified contract manufacturer newly housed in the Santa

Mr Thrush, who says his cope with the nightmares of Teresa Industrial Park. only reservation concerns a unmanaged growth.

Deter Domenici stood in roadrunner which has chothe wilderness - high sen the bonnet of his car as desert stretching fea- a perch, moved in last year

Thanks to the nearby borbook of wisdom. "Build it der crossing, which has been and they will come," pro- open to traffic since late last claimed the senator from year, a single driver can make three two-way trips a day. Saving him an esti-Field of Dreams, the man mated 20 per cent on ship-New Mexicans call Saint ping costs. "In El Paso we were lucky to get one truck a day out."

Jim Robinson, general manager of Vista Corrugated, a paper packaging maker, also picked Santa Teresa to avoid the jams in There is no road link to El Paso. The border region. the great coast-to-coast Inter- he says is one of the last state 10. But that will come, great expansion markets left is already being built along such as Vista; and it extends the nearby rail link to Long deep into both the US and

and labour available from a workers only too pleased to work in air-conditioned plants, the attitudes of the those in Justez.

economic development following the establishment of

flict over water is nowhere

'If a mirror fogs up when we hold it to their mouth. they have a job'

more telling. Texan ranchers and cities; claiming sovereignty over the Rio Grande -here reduced to a shallow stream even at the end of

its supply. Lahour, too, is a proble with 1.7 per cent real unem-Carlos Ramos of the state

More than 40 new maqua dora projects have been set up in the city in each of the past three years, and, with production and population rising 5 per cent a year, they account for 75 per cent of all economic growth in the

ment that the price of the the government in Mexico City, which is more concerned with funding infra-The private sector has

been obliged to take a hand,

tax of \$15 for every worker

to subsidise the city. Labour

costs are under further pres sure as welfare and other But New Mexico also benefits add as much as 70 While companies may come to the new port north of the border, New Mexico's chances of building a new depend less on Senator Domenici's field of dreams than on Juarez's ability to

EU holds its fire in Cuba law dispute

allowing its World Trade Organisation panel against the US Helms-Burton anti-Cuba law to lapse after a year-long suspension, but warned it would immeditely activate a new panel if Washington took action under the law against any European company.

The panel, requested after

the US introduced the Helms-Burton legislation which could penalise compa-nies "trafficking" in former US assets confiscated by the suspended last April as part

aimed at defusing an escalat- pute. ing trade row.

Under WTO rules, disputes panels can be suspended for only 12 months, after which they lapse, or must be reactivated. The deadline for reactivating the EU's case passed at midnight last night

European Commission officials said they had a choice of allowing the panel to lapse, or reactivating it - in effect, restarting the full WTO disputes procedure over Helms-Burton. Such a move could have been seen as escalating EU action when negotiations are still under way to find a

of an EU-US understanding long-term solution to the dis-

But officials warned they would immediately renew their WTO complaint if any European companies were penalised under the Helms-Burton law, or the Iran-Libya Sanctions Act. which calls for sanctions against companies investing in the

oil sector of Iran or Libya.
"We still have the [WTO] panel option in our back pocket," said a spokesman for Sir Leon Brittan, EU trade commissioner. "If action is taken against European companies we will use

The Commission added

that the level of pressure on Washington remained unchanged, and allowing the WTO panel to lapse was a "technical development, not

a political development". It was also consistent with the wording of the US-EU understanding last April, which said the EU reserved its right to resume the panel "or begin new proceedings" if action was taken against European companies. The US then pledged to continue to waive elements of the law to which Brussels objected.

However, the move makes the threat of EU retaliation WTO complaint would

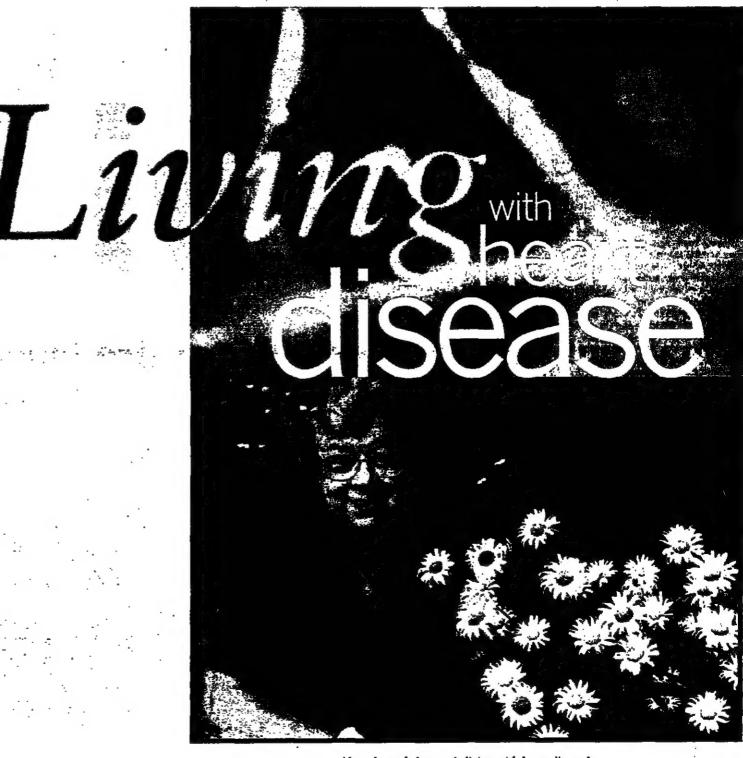
require several months of agreement before the next consultations before a disputes panel was set up. US officials welcomed the move, but warned that a negotiated solution to the EU-US dispute over extra-

territorial legislation remained some way off. Both sides agreed to a period of reflection" after a deadline for agreement passed last October, Regular talks have since resumed recently in Paris last week.

EU diplomats suggested they were encouraged by signs of greater flexibility from the US, and efforts would be intensified to reach expected before late May.

disciplines" dealing with should be treated, and "common principles" on second ary boycotts, or extra-territo-

Brussels officials also point to the length of time being taken to assess whether an investment by France's Total in Iran is sanctionable under the Iran-Libya laws as a sign that the US is keen to avoid a clash over the issue. No decision is



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() NOVARTIS



Mr Murdoch, who is 67, is and Mrs Murdoch continues

said to have worried his 53- as a member of the board".

Corp said the pair were owns about 31 per cent of expected to get back News Corp's shares.

Howard Rubenstein, Mr of Sky High, published last Murdoch's personal spokes- year, in which Mr Murdoch

man, said: "There is no unveiled his plans said: impact on the Corporation." The big question it raises

Microsoft fights back

By Richard Wolffe In Washington

Microsoft said yesterday that no computer makers had chosen to leave out its internet browser software since a court last year ordered it to rate its browser from Winstop forcing manufacturers dows by offering computer to include it with Windows makers the choice of a ver-

Launching its legal fightback against the US governsaid the amended version of on sales as the company is its operating system - separating the browser - had version of its operating sysoverwhelmingly

ment had argued that Micro-soft was breaching a 1995 nary skirmish in a wider bat-

Rupert Murdoch has

separated from his wife,

leaving question marks over

how soon he will be suc-

Corp, his global media

News Corp yesterday con-

firmed a report in one of the

using its monopoly in operware, particularly from Netscape Communications.

Microsoft agreed to sepasion which left the browser's icon hidden from view.

The appeal seems likely to ment, the software company have little practical impact tem. Windows 98, in June.

Instead, both the company The US Justice Depart- and the Justice Department

the New York Post, that Mr

second wife Anna, after

more than 30 years' mar-

concerns he was working too

hard, prompting speculation

he might bow out as chair-

man of News Corp sooner

She is believed to have ini-

Murdoch had split from his Murdoch announced that his

antitrust settlement, by the over Microsoft's future. Lessig, a Harvard law profescompetition in internet soft- antitrust action against the launch of Windows 98.

Douglas Melamed, for the Justice Department, argued that the government wanted to give more freedom to computer makers and users to After an hour of largely

technical and complex legal argument, the judges adjourned the appeals hearing. Their decision is not expected for several weeks. Microsoft is also appealing

against an earlier court deci-

At the end of last year, Mr

son, Lachlan, 26, chairman

and chief executive officer of

Australian arm, would suc-

ceed him. He has always

insisted he has no immediate

intention of handing over,

but some analysts believe

the separation may prompt

him to rethink

Murdoch separates from second wife after 30 years

The Justice Department is sor, as a "special master" to ating systems to prevent considering a wide-ranging advise on legal and technical issues. The company says company, possibly before the the court had delegated too much power to Mr Lessig. • Paul Taylor in London adds: Jim Barksdale, chief executive of Netscape Communications, said in London yesterday: "What I would

like to see the Justice

Department do is to cause

Microsoft to stop exclusion-

ary contracts and predatory

pricing in tie-in sales. "That is easier said than done in the software industry, but what I don't want them to do is to stifle innovation at Microsoft or anysion to appoint Lawrence where else.

year-old wife by refusing to

and chief executive officer of slow down. However, one ing would be unchanged, he News Limited, News Corp's person familiar with News added. The Murdoch family

together.



Mathew Horsman, author

US resolution on Cuba rights spurned by UN

By Pascal Fletcher in Havana

The United Nations Human Rights Commission yesterolution condemning Cuba said. for human rights violations and persecution of political

The US resolution, which criticised "numerous violations of human rights and fundamental freedoms" on the communist-ruled Caribbean island, was defeated by 19 votes to 16 in the 53-member commission in Geneva. Eighteen member nations abstained, including most Latin American countries.

Cuba's opposition to the resolution was supported by Russia, China, India and South Africa and other Sudan and Indonesia. Candefeated US censure motion, as did a lone Latin American

state, Argentina. Cuban officials were jubilant. "It's a defeat [for the

if we unite in the face of the powerful, we can claim our own truth, our own day rejected for the first justice," the Cuban foreign time in seven years a US res- minister, Roberto Robaina,

While it represented a diplomatic triumph for Havana, the vote was unlikely to blunt US criticism over human rights on the island, or to change the position of western governments towards political conditions

in Cuba. Canada and the Europe Union, among the island's leading trade and investment partners, have been gently pressing the Cuban government to introduce democratic reforms.

In a report to the Commission in March, its investigadeveloping countries in tor for Cuba, Mr Carl-Johan Africa and Asia, such as Groth, who has never been allowed to visit the island, ada, Japan, and European said the one-party Cuban countries backed the government maintained "a pattern of repression' sgainst political opponents. But he said Washington's

long-standing economic embargo against Cuba was US] that serves the whole partly to blame.

Table 1

4 47.60

- //- Flat, Mr

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海南外地域

NEWS DIGEST

company's own US tabloids, than expected

ceeded at the helm of News tiated the separation over

IMF UNDER SCRUTINY

US officials defend rescue of ailing Asian economies

US officials yesterday defended the rescue of ailing Asian economies by the International Monetary Fund which they said in the end would benefit Americans the most.

"The only reason we're here and we support the IMF is that we're concerned about American workers, American farmers and American companies," said Timothy Geithner, Treasury assistant secretary for foreign affairs. "It is our view that the risk is greater if we left these countries just sinking in a

The administration request for \$17,9bn for new funds for the IMF has been approved by the Senate but has come under intense attack in the House, Opponents yesterday hoped to demonstrate the failure of the administration, and previous administrations, to abide by Congressional mandates to use the US "voice and vote" for more transparency at the IMF, reduced military spending by borrowing countries and greater support for human rights and social programmes.

The session, in a packed committee room, was marked by the first appearance before Congress of a US representative at the IMF. Karin Lissakers, US executive director, said that while the US could play "an important leadership role" in the multilateral lending institution, it could not impose US policy

CANADIAN ECONOMY

Inflation falls for third month

Canada's inflation rate fell for the third consecutive month in March, dropping to less than 1 per cent annually. The 0.9 per cent annual price increase, which is below the Bank of Canada's 1-3 per cent inflation target, should ease pressure for interest rate increases, although the weak Canadian dollar continues to raise concerns. Yesterday's news was followed by a dip in the Canadian dollar to 69.93 US cents at midday.

The declining inflation rate was due primarity to lower prices for gasoline, computers, meet and mortgage interest charges, Statistics Canada reported. The seasonal monthly increase in air fares was also less than in 1997, These were partially offset by higher vegetable prices and increased charges for cable television and natural gas.

Of the 10 provinces, Quebec had the highest price increases in the year ending March 1998 of 1.4 per cent, mainly due to increases in the general sales tax and the cigarette tox. Newfoundland had the biggest price decline of 0.4 per cent. Edward Alden, Toronto

TAX DISPUTE

Internal Revenue wins case

The Internal Revenue Service won a billion-dollar victory yesterday as the Supreme Court resolved a dispute over the federal taxes owed by the nation's property and casualty insurance companies for 1987.

The court upheld the tax agency's method of calculating the insurance companies' tax liability for that key year. Federal appeals courts had split on the issue. Government lawyers had told the justices that their decision would carry "consequences for taxable income in excess of \$1bn".

In the Tax Reform Act of 1986, Congress changed the way property and casualty insurance companies calculate their federal tax liability. At Issue in the dispute was the interpretation of a one-off "forgiveness" the law provides because of changes in deductions.

Atlantic Mutual Insurance paid its 1987 taxes based on one: interpretation of the disputed statutory language. The IRS, with a differing interpretation, sald the insurance company actually had another \$1.3m in income for the year and ordered it to pay an additional \$519,987 in taxes.

Atlantic Mutual contested that order in the US Tax Court and won. But the Third US Circuit Court of Appeals reversed the tax court and ruled that the IRS's interpretations of the law's ambiguous language had to be given considerable deference. AP, Washington

WHITEWATER INVESTIGATION

Request to halt trial denied

A Supreme Court justice yesterday refused to block Whitewater witness David Hale's trial in Arkansas state court on charges of lying to insurance regulators.

Justice Clarence Thomas denied Mr Hale's emergency request to halt the trial. Mr Hale contended a plea agreement and immunity granted to him by federal Whitewater investigators should protect him against prosecution in the state case.

Mr Hale is scheduled to go on trial today in Arkansas state court on charges of filing a false or misleading statement with the state insurance department about an insurance company the state says he owned. A federal appeals court last week refused to halt his trial. Mr Hale's testimony in 1996 helped convict President Bill Clinton's former business partners, Jim and Susan McDougal, as well as Jim Guy Tucker, who was then governor of Arkansas. AP, Washington

the time [when] he bows

out." If Mr Murdoch were to

step down, it is uncertain if

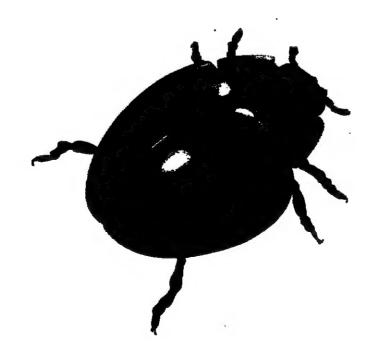
News Corp would continue in its present form.

Other analysts have

suggested that if Mr Mur-

doch were to step down.

could be sold.



FOREIGN OFFICE IMPROVEMENTS SEEN IN CHINA AND INDONESIA WHILE TAILOUTE Success is claimed over human rights Success is claimed over human rights and sanctions on Nigeria as part Mr Cook claimed that the change of government is bad dischange of government in months had dischange of government in

Multinationals making 'explicit commitment'

mining companies. Those, Rio Tinto mining group, also

Shaun Stewart, govern- Nigeria, where objections

pariah".

The UK government yesterthrough dialogue, but conceded that efforts to win any such change in Nigeria had

Promotion of human rights through "practical partnerships" wherever pos-sible was the theme of human rights work in prog-this year. Britain's first human rights ress than on concrete report presented by Robin results. But Mr Cook hailed Cook, the foreign secretary, the agreement by Indonesia and Clare Short, the over- and China for EU ambassa-

Although a growing number

of British retailers apply eth-

ical standards of production

to the goods they import,

only three major multi-

nationals - Shell, British

Petroleum and Rio Tinto -

themselves to human rights

according to the chairman of

report was "not designed to mimic the [US] State Departday claimed to have ment's annual report on improved human rights in human rights country-bytries such as Indonesia and European Union had been most active.

speaking at a conference on

multinationals and human

rights organised by the

Royal Institute of Interna-

tional Affairs, said the three

companies' commitments to

human rights resulted from

"external pressures rather

Senior executives of these

test this, but insisted that

were now "part of business

initiative as president of the

Mr Cook acknowledged the limits of the co-operative to condemn publicly, loudly China and Indonesia country around the world, approach in Nigeria, Iraq and firmly Generally, howbut rather to focus on coun- and Burma where no partnerships had been possible. China, where Britain and the He criticised Nigeria's General Sami Abacha for getting himself designated as the Even regarding such coun- only candidate in the presitries, the report is longer on dential poll to be held later

> "An election with one candidate is not free or fair." said Mr Cook, who cited his

Sir Geoffrey Chandler, life", particularly for oil and ment affairs manager for the

for reasons of geology, often

had to seek resources in

BP and Rio Tinto said the

leverage of multinationals to

improve the rights of peoples

among whom they worked

was exaggerated because

natural resource companies

had to work through leases

and licences granted by host

governments.

political trouble spots.

Tibet. This was Britain's of Britain's new ethical for- past 11 months had dis- change of government. eign policy under Labour.

Mr Cook said there were times "when it may be right ever, the government had found "a third way" between "2 row or kowtow" by engaging countries in a dialogue about human rights.

This middle course had enabled Britain to give its foreign policy a more ethical profile while avoiding the sort of confrontation that only a superpower such as

said it was not easy to walk

away from major invest-

ments with a lifecycle of

30-40 years "if a country

becomes a human rights

director of BP Europe, noted:

"If people think you have

power, then - to some

Having burnt its fingers in

degree at least - you do."

But as Richard Newton,

proved early criticism that Britain had swung behind an greater emphasis on human international ban on landrights would cost Britain mines and the proposal for a commercial contracts or permanent war crimes tribuharm its foreign policy.

Amnesty International welcomed the report, but nals in Bosnia. said it would publish its own record.

Another lobby group, about more than 100 new arms export licences for Turkey and Indonesia, countries with poor rights records.

from the Ogoni people forced

it to withdraw from a proj-

ect, Shell explained that it

was taking extra care in the

Camisea gas field in Peru to

reach agreements with local

pensation, water, schooling

a Shell executive with an

eya on UK lobby groups

rather than the Indians.

"can be viewed on our

"These agreements", said

and health.

Indians on land rights, com- an alternative to conflict and

nal. It had also taken a tougher line on war crimi-

The report acknowledges audit of the government's that hosting last year's Commonwealth summit and presiding over the EU and Group Saferworld, has complained of Seven most developed countries this year have given the government excepto promote its human rights

But it is BP that is having

the roughest ride with its

Casanare oil project which

have become the target of

Colombian guerrilla attacks

"We believe we are a part of

narcotics" in Colombia, Mr

Newton stressed. BP is hav-

"The army is accused of

ing to pay the army to

abuses and we are accused

of complicity by associa-

NEWS DIGEST

PENSIONS MIS-SELLING

Regulators fine Sun Life of Canada record \$1m

A record £600,000 (\$1.02m) fine was imposed on Sun Life of Canada yesterday after regulators said it had failed to investigate its pensions mis-setting cases properly. The group was also ordered to pay £125,000 in costs. The fine follows an inspection visit by the Personal Investment Authority in February 1997 and relates to cases involving both Sun Life and Confederation Life (UK), a company acquired by Sun Life in

The PIA said the visit showed the companies had omitted 30,000 cases from the review, had falled to trace nearly 4,000 investors and had not supervised an external mailing house properly. Sun Life said it was "disappointed" by the size of the fine, but accepted it had not met the PIA's standards for carrying out its review in the early stages.

Maurice Bates, a Sun Life senior vice-president, said: "This fine relates to historical events, and we now have an action plan in place to ensure we give full and fair compensation to everyone affected."

un Life has 27,000 priority mis-selling cases, with twothirds likely to receive compensation. The group has made total provisions of £171m, and has already paid £41m of compensation. Christopher Brown-Humes, London

SINN FEIN REFERENDUM STANCE

Vote warning from Irish PM

Bertie Ahem, prime minister of the Republic of Ireland, yesterday called for "strong public support" for the Northern Ireland peace agreement. But in an implicit warning to Sinn Féin, political wing of the Irish Republican Army, he said: "We cannot afford one response in the north and another in the

His comments follow Sinn Feln's annual conference at the ekend when Gerry Adams, the party's president, suggested that republicans in the Irish Republic may oppose the deal in next month's referendum while those in Northern Ireland sup-

"I expect and am calling for a united and not a partitionist approach. Everyone needs to rise to the occasion if we are all to get the benefit of the agreement," Mr Ahem told the Dall, the irish parliament. All main Irish parties gave their backing to the deal in a Dail debate formally launching the campaign for the May 22 referendum. John Murray Brown, Dublin

STATE EDUCATION

Homework 'crammers' planned



(\$334m) national network of 8,000 homework "crammers" to give state school pupils the same access to extra supervision as pupils at privileged fee paying private schools. The move, accompanied by the first national guidelines on homework, underlines the growing rapprochement between the government and private schools. David Blunkett, the education secretary, said of education". Yet while pupils at private schools were given PAREBUE homework and, where neces-

serv, extre tuition on weak sub-

The government yesterday

unveiled plans for a £200m

jects, state school pupils often lacked this additional support. National Foundation for Educational Research figures showed that more than two-fifths of 10-year olds did not receive homework, yet over half spent three or more hours every night watching television, he said. Simon Targett, London

INFLATION

Rate fractionally above target

Figures published yesterday showed inflation remaining fractionally above the government's target last month, although analysts expect the figures to get worse before they get bet-ter. Prices rose by 0.3 per cent in March, taking the retail prices index to 160.8, the Office for National Sta The annual rate of inflation edged up from 3.4 to 3.5 per cent the highest rate since December. Excluding mortgage interest payments, the government's preferred measure of underlying inflation remained at 2.6 per cent. The figures were close to expectations and prompted little reaction from the financial markets. Robert Chote, London

CURRENCY SWITCHING

Bank offers 'betting' on euro National Westminster Bank is to offer business borrowers a

one-way bet on interest rates as the euro is introduced. Its new fixed-rate sterling loan facility will allow borrowers to switch into euros or to lower fixed sterling rates. Mike Sadler, head of business solutions at NatWest Corporate Banking Services, said the bank would hedge its exposure in the market. NatWest said 2,000 companies had registered an interest in the euro bank account it launched last month. Clay Harris, London

CRIME SURVEY

More suspects are drug users

A higher than expected proportion of crime suspects are drug users - an average of 6 out of 10, according to UK government research published yesterday. Researchers also found that property crime committed by drug users to fund their habit cost the country up to \$2.5bn (\$4.2bn) a year.

Tests on a random sample of people arrested for a variety of offences showed nearly 20 per cent had taken heroin or other opiates in the previous few days and one in 10 had taken cocaine or crack cocaine. Both figures are significantly higher than the proportion of the general population believed to use drugs. The 1996 British Crime Survey estimates that one in 20 people aged between 16 and 29 have tried heroin or cocaine. Simon Buckby, London

AIRLINE ALCOHOL POLICY

Judge criticises Virgin Atlantic Virgin Atlantic was criticised by a judge yesterday over its pol-

icy of serving alcohol to passengers after a 32-year-old man

was jailed for causing an affray on a holiday flight from

man who disrupted a transatlantic Virgin flight.

Orlando, Florida, to Manchester, England. Manchester Crown Court heard that the pilot became so worried that he ordered the cockpit doors to be locked. Lawrence Oliver of Croxteth, Liverpool, who had been drinking beer and vodka, shouted abuse at a flight attendant and assaulted his wife, the court heard. Sentencing Oliver, who admitted affray, to 18 months' imprisonment, Judge Anthony Ensor said Virgin Atlantic should look again at its provision of drink on board. Just over a year ago Judge Ensor jalled a

Safety need not be for the lucky few.

have "explicitly committed than corporate initiative".

in their codes of conduct", three companies did not con-

Amnesty International UK's human rights considerations

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GENERAL MOTORS WAGE RISE WOULD BE INCREASED IF STERLING FELL BELOW DM2.70 FOR TWO CONSECUTIVE MONTHS

Pay offer is linked to £ level against D-Mark

the Vauxhall offshoot of General Motors are to vote combination with the new three-year pay offer which includes the motor industry's first linking of pay to

The offer includes a commitment to pay workers degree of extra compensaan extra 0.5 per cent in the third year of the agreement if sterling falls below DM2.70 for two consecutive months. Sterling closed in

London last night at

Under the deal a drop in sterling to below DM2.70, in working practices, would allow the Luton factory in southern England to narrow the costs gap between UK and other European plants enough to allow a small tion to the UK workforce.

night. White collar workers

in the Manufacturing Sci-

Prospects of the package being accepted rose last

voted unanimously in favour at meetings in Luton and the Ellesmere Port plant in north-west England Officials of the Transport and General Workers Union, representing most employees. were reported to be moving towards recommending

Rejection would raise serious doubts about the future of the Luton factory after its output of the Vectra model ends in three years. Vauxhall chairman Nick

ence and Finance union Reilly, who told workers last week he would forgo his £160,000 basic pay this year and that other directors would take pay freezes as part of a deal, has warned employees by letter that GM could meet demand for the Vectra's replacement from

> rent three. Poorer UK productivity and the sharp rise in sterling against the D-Mark have resulted in Vectras becomnsive to build in the UK

only two plants, not the cur-

big rise in productivity.

The package, which essentially secures increased working flexibility and productivity in return for job guarantees, is similar to agreements signed between Vauxhall's sister company, Opel, and its workforces in Germany, Spain and Bel-

There would be no compulsory redundancies arising from revised work practices. Other elements of the UK

pay rise in the first year, starting from August 3, a 3 per cent rise, or the rate of inflation, depending ; on which is higher, in year two; and a rise in line with inflation in the third year, plus

the extra half per cent if trig-

gered by exchange rate

General Motors Europe to

movements. Acceptance of the deal would strengthen greatly Mr Reilly's hand in seeking to obtain a commitment from

than Germany. This leaves package, it emerged yester include Luton in the produc-Luton vulnerable without a day, include a 3.5 per cent tion plans for the Vectra

· Rover Group, the UK subsidiary of BMW, has signed what it described yesterday as a "historic flexible working agreement" with unions covering a new BMW Group engine plant at Hams Hall in the English Midlands. It will allow the plant to operate for six days and nights during 46 weeks each year.

Court blow to 'safety curb' on beef sales

Efinburgh and London

The government's attempt to ban the sale of beef on the bone suffered an embarrassing setback yesterday when a Scottish court threw out the UK's first prosecution under the new legislation. Sheriff James Paterson

said the regulation under which the prosecution had been brought was defective because of wording that was so imprecise that "it could mean anything".

Jack Cunningham, the agriculture minister, said the regulations remained in force and were essential to protecting public health. The indement turned on a legal technicality and the government needed time to study its implications, he said.

But the judgment was seized on by meat retailers. and the opposition who called for the regulations to be scrapped.

Michael Jack, the opposition Conservative party's shadow agriculture minister, said the Selkirk Sheriff Court decision vindicated claims that the regulations had been introduced without sufficient consultation and were unenforceable. "The

ple solution at hand to solve the crisis. They should now back off and repeal the beef on the bone regulations." The National Federation of

Meat and Food Traders, representing 3,000 butcher shops in Britain, said its view that the ban was unworkable had been The outcome delighted

James Sutherland, the Berwickshire hotelier who was charged with violating the law banning the sale of beef on the bone by serving it to 170 people at a "prohibition dinner" in December.

"It's a fantastic victory he said. "We have a shariff who saw what the problem was and he was prepared to stand there in court and tell the government that they have got it seriously wrong on this occasion," he added outside the court.

Mr Sutherland organised the dinner in protest at the regulations which had come into force five days earlier to reduce the possibility of people eating beef infected with BSE, or "mad cow disease". The meal was free of charge and participants donated £1,700 (\$2,840) to

with an III-PC nethod

Madonna

label to

launch in

London

Maverick, the US record label co-owned by singer Madonna and Warner Music, her record company, intends to open a UK subsidiary.

Preddie DeMann, chief executive of Maverick, which includes among its artists Alanis Morissette and UK dance act the Prodigy, said he hoped to set up a London unit within six months.

"We've already had some success with UK acts, and have reached the stage where we need to establish a presence there," he added. "Vanity" labels, as record companies linked to superstars are called, are rarely commercially successful. Maverick has bucked the trend by becoming one of the most dynamic US labels since its 1993 formation.

Jogged Little Pill, Ms Morissette's debut release, sold 28m copies worldwide. Fat Of The Land, the latest album from the Prodigy, went straight to Number One in the US after its launch there last summer. The label has also had suces in the US.

Initially, Maverick was set up as a joint venture etween Madonna and Mr DeMann, her former manager, who had a combined shareholding of 50 per cent, and Warner Music, part of Time Warner, the US entertainment group, which held the remaining half.

Madonna, who is abel's chairman, and Mr DeMann have ceded part of their shareholding to Guy Oseary, Maverick's head of A&R. and Ronnie Dashev,

chief operating officer. Under the terms of the joint venture, Warner Music owns the rights to distribute Maverick's acts outside the US, except for foreign artists who are already signed to other international labels.

PolyGram sales, Page 18

Effort to speed up recycling runs out of momentum

Using competition to meet EU requirements leads to extra problems,

says Leyla Boulton

rading in Packaging Recovery Notes - known as PRNs - has evolved as a means for UK companies to prove they have met mandatory new targets for the recycling of old glass, metal, paper and plastic

The need for such proof arises from Britain's unique attempt to inject competition into the way it implements European Union requirements for companies that generate more than 50 tonnes of packaging a year to recycle up to balf of it by 2001.

Instead of creating a single organisation to collect funds from industry to pay for increased recycling, as most other EU countries have done, the UK insisted that competing schemes should meet companies' obligations. This has spawned a dozen organisations that offer to discharge customers' recycl-

ing obligations for a fee. Even so, waste producers are free to do their own recycling. The government expected that competition would drive down the cost of the regulations and spare UK business the annual DM4hn (\$2.1bn) bill imposed by Germany's monopolistic system. It estimated the British system might cost UK companies - ranging from

packaging producers to sellers of packaged products closer to £250m (\$417.5m) or £600m by 2001. But apparent teething problems have forced the government to review the experiment. So far, says an official involved in the

put in extra regulations and those who say: Let it function as a market instrument

review, opinion is divided

scheme, which represents 60 per cent of companies cov-

and it will find its right The biggest source of complaints about the new system is the way in which the PRNs are issued by "reprocessors" - factories that recycle the waste packaging into new products or energy. The garbage disposal

industry argues that because

obligation to issue PRNs to any company that delivers material to them, they can drive up the price and sell to the highest bidder. This is often perceived to be Valpak. the biggest compliance

Line of packaging (UK)

ment Agency, the "green" watchdog responsible for enforcing the legislation, say simply that the issuing of PRNs should be a matter of "negotiation". "We expected there to be a more fluid situation," admits one official. Waste disposal companies claim this hurts their compliance schemes, which

ered by the legislation.

"I'm uncomfortable with the idea that if you make recycling more expensive it will magically expand in tonnage or volume," says Peter Jones, director for business development at Biffa, a waste company that operates its own compliance scheme.

Guidelines by the Environhappens rather than more." charge lower fees to members as a reward for collect-

companies. Enviromac and Evidex, are competing to set up an electronic system for trading PRNs which they claim will give the market the transparency it needs to work more efficiently. Mutual suspicions of the "If you make something more expensive, less usually

But Valpak says the price it pays for PRNs includes a necessary element of subsidy to encourage reprocessors to expand recycling operations. John Turner, Valpak's chief executive, says the priority should be to boost Britain's low recycling rate of 2m tonnes of material a year to 5m tonnes by 2001. This requires new recycling capacity and boosting

sort traded since the market began in January are most likely to thrive in a system where nobody is under any obligation to disclose prices, But Mr Turner sees elec-

als. Meanwhile, two private

tronic trading as a "distraction" from the bigger problem of increasing recycling levels. The Office of Fair Trading says it is still seeking proof of the abuses alleged by the waste companies: "If anybody's got any

To see over the horizon you need to be over the horizon.

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A man with an un-PC method

For the heads of about 600 of the world's biggest organisations, a voluble young Englishman has suddenly become the most important person in their lives.

The companies are facing serious problems with their mainframes if the Year 2000 issue is not fixed. As a result, corporations, banks, utilities and public authorities have been beating a path to Mark Stabler's door. Mr Stabler, 34, left school at the legal minimum age, despite being very able academically. Now he is head of the Year 2000 unit at Computer Associates, the big US software group.

in January, CA put on general release a new software package. CA/Fix-2000, which it believes is the first fully automatic, high-speed, high-accuracy solution for locating and fixing dates on programs written in the Cobol

Older Cobol language dialects cannot recognise four-figure dates because of the way they were originally programmed. Experts believe this problem may form up to 70 per cant of the total Year 2000 reprogramming effort.

CA claims its program is superior to others already on the market. Crucially, it can be run on the mainframe itself, not on PCs. Hitherto, many Year 2000 solutions have applied the "PC-tool" approach, in which modules of code are taken from mainframes and put on to PCs.

"These are too slow," says Mr Stabler, "and PC-based solutions lack consistency and accuracy. Anyway, lots of dates don't need to be changed."

Fix-2000 not only highlights problem dates, but provides an "audit trail" that lets programmers know if there are glitches in Cobol's links with subsidiary programs. Above all, its speed enables manpower to be deployed more quickly on testing, which is where human skills are most



what they see. Gary Gray, IT Mr Stabler felt no appetite for chief at Isuzu Motors America, says Fix-2000 is "the closest thing to a 'silver bullet'. A huge benefit is that it corrected our code only when required, minimising

changes and reducing the time required for testing." Mr Stabler, who was appointed only last May, now finds himself moving in lofty corporate and government circles. Securing rapid-fix contracts - some worth \$10m apiece - with CA's biggest 600 clients has become his primary task.

Mr Stabler has the unenviable task of telling chief executives, federal officers and civil servants just how far behind their organisations have fallen in the race for compliance. Yet his frankness, together with an ability to explain the problem in layman's terms without avoiding its complexity, has won him plaudits.

Australian state government ministers, Thai cabinet ministers and Chinese regional authorities have come to value his input. As Mr Stabler says, fixing the Year 2000 problem "Is not an IT issue - it's a business and consumer issue...Second, don't take a people approach, take a tool

university life, and joined a City insurance company after leaving

A subsequent spell at software house Goal Systems, in the UK and later at its Columbus, Ohio, headquarters, gave him an unusually wide expertise in technical skills, sales, support and client liaison.

Latar, he joined Legent Corporation, the Virginia-based software group, a move that proved fortunate when it was snapped up by CA in 1995. Since taking CA public in 1981, its founder Charles Wang and his second-incommand Sanjay Kumar have been expanding aggressively. often through acquisition.

Mr Wang soon spotted Mr Stabler's energy, and promoted him first to head its strategic relationships with big companies such as Digital, Microsoft and Intel, and later to its Year 2000 unit.

Mr Stabler, who is married to a former buyer for Argos in Milton Keynes, lives in New York with his wife and their four-year-old daughter. Yet the man who gets 200 e-mails and 50 voice-mails each day still misses British beer and Galaxy chocolate bars.



LOUISE KEHOË

Caught with its systems down

Recent breakdowns at large companies highlight the importance of having back-up facilities

When computer systems break down, it becomes painfully obvious how dependent we have all become on information

technology. Last week, when AT&T's Interspan high-speed data network shut down for about 20 hours, thousands of businesses in the US were disrupted. Automated teller machines were thrown offline, stores were unable to process credit card transactions and travel agents could not issue tickets.

This week Charles Schwab, the eading US stockbroker, was unable to process trades for about two hours on Monday morning. Its web site and telephone service were down, but worse, its traders could not access customer accounts or stock information. It was a short. but potentially expensive

breakdown. In the era of centralised computing, making contingency plans for system breakdowns was relatively easy. Many companies had - and still have - back-up systems at "hotsites" that can take over the role of a mainframe computer.

It is more difficult, but none the less essential, to have back-up systems at the ready in today's era of computer networks. The notion that distributed computer systems are immune to catastrophe is proving to be a myth.

The prospect of critical computer systems failing at the turn of the century has businesses and governments worried, but trial lawyers in California are "licking

their chops", according to their adversaries in Silicon Valley. California's high-tech industry is lobbying for protection against an anticipated avalanche of millennium bomb "lottery lawsuits", so called because the filers hope to hit the jackpot with a huge award of punitive damages. A proposed law,

assembly, aims to prevent firivolous" class action lawsuits on behalf of computer use Supporters of the bill claim such legal actions would serve only to line the pockets of opportunist lawyers while "victims" would

get nominal compensation. While several states have already passed laws to protect local governments from Year 2000 (Y2K) liability, the California bill is the first almed at shielding computer and software suppliers.

The proposed law would limit the liability of IT companies to the actual damages incurred by their customers. It would exemn

Industry trade groups predict Y2K lawsuits

could dwarf asbestos litigation

the industry from class action lawsuits claiming fraud, negligence or unfair husiness

practices based on Y2K glitches However, it would apply only to companies that informed customers of potential problems and provided the needed "fixes" for off-the-shelf software free of charge. Computer users could still file cisims that computer or software suppliers had not lived up to contracts or warranties.

Critics say the proposed law has been drafted to let the computer industry "off the book". Computer users would be forced to carry most of the costs of correcting software errors while their recourse against suppliers would be limited.

Vet the computer industry's fears of high-cost nuisance lawsuits are not unfounded. Two lawsuits have already been filed against Californian companies by lawyers renowned for their role in shareholder class action

beginning, according to computer industry trade groups who predict Y2K lawsuits could dwarf asbestos litization.

Lawyers behind these cases say they are just trying to force the IT industry to solve the Y2K problem without making customers pay for software fixes. Industry groups counter that the legislation they are backing would provide an incentive for

It would be easy to sympathise with the high-tech industry were it not for its stringent efforts to avoid liabilities even before the Y2K issue emerged.

Dig out the paperwork that comes with one of the most popular PC application programs and you will find that users have very limited recourse after 90 days. Liability for lost business profits, business interruption or loss of business information are

specifically excluded. If software and computer companies are not prepared to stand by their products, they deserve to be dragged through the courts.

It would be a shame if a few lawyers were the beneficiaries. Better by far if computer users were to create a grassroots movement – the internet provides an ideal rallying ground to demand free Y2K fixes and less restrictive software warranties.

The chances of a hacker intercepting your credit card number as it is transmitted over the internet are tiny compared to the risks of credit card fraud on



Information Technology The FT's review of Information Technology appears on the first

the high street, promoters of e-commerce will tell you. Their arguments are persuasive. After all, when a salesperson or waiter disappears with your credit card you have little assurance that fraudulent

charges will not be added to your account. It has happened to me. Contrast this with the risks of making internet purchases. Automated sales systems limit the opportunity for credit card abuse. In many cases, consumers

are further protected by the encryption of transaction details. Yet there are important consumer protection issues that electronic merchants have yet to address. I still use my credit cards, even though I have been the victim of a dishonest salesman in an electronics store I can do this because I am protected by consumer laws that limit my liability for fraudulent

credit card charges. On the internet, the situation may be very different. I cannot be sure the consumer protection laws of my state, or country, will apply. Internet merchants can locate their physical headquarters anywhere in the world and they might well choose

places with lax consumer laws. What is needed is a "code of conduct" for internet merchants according to Ira Magaziner, the top adviser to President Bill Clinton on all matters relating to the internet. Companies that agree to adhere to the code would be entitled to display a symbol on their web sites. Online consumers who shopped elsewhere would do so at their

own risk. This approach can work to the benefit of consumers only if the "code of conduct" reflects the strictest consumer protection laws in the world. The more likely outcome is limited adherence to a "lowest common denominator" set of consumer protection rules. On the internet, it will be "caveat emptor".

Share your views in the Eagle Eye discussion group on the FT web site (unow.FT.com) or contact Laurse Kehoe by a mail on



The Lorentzer Seets

Generation X discovers that freedom is just another jail

They don't want to be managers, but autonomous specialists have fewer options

Dear Professor Hunt, I have now asked three of our expensive high-flyers in their late 30s to run one of our divisions. All have rejected the offer. No one seems to want to run things any more. It seems I have to beg people to accept managerial jobs.

Prof Hunt replies: There has been a massive change in what high achievers find exciting at work. For centuries the ultimate aphrodisiac was the exercise of social power. In modern times this has found expression in the opportunity to run a big corporation or government department. Millions of managers around the world endured public scrutiny and endless performance assessments to realise that ambition. Status was measured by the number of individuals a manager controlled.

Then priorities changed. This was first seen in the US in the early 1980s and in Europe a few years later. For the first time in 20 years of collecting data on what motivates, we were finding power was clearly in decline. A new breed of high-flyers born in the 1950s and 1960s were not excited by the prospect of exercising power over lots of others. What they prized was autonomy and few or no dependants.

Unlike their predecessors they wanted freedom and to do things their way rather than manage others. Various explanations were offered by researchers to explain this shift in priorities. Two world wars had demonstrated the evils of social power. The rewards for managing were not as artractive as those for specialists. Technology would reduce the demand for managers. Organisations were over-managed already. Mature adults could manage

scurer resources through

consensus and without hierarchy.

Whatever the explanation, the number of employees wanting to run something was dwindling. General managers were to become rare. Effective general managers – those who did it well - were even rarer.

Generation X. as it was dubbed, was criticised as being unstable. Its membe did not fit the patterns of the past. They saw their careers as their affair. They wanted freedom to operate independently and were ready to change jobs to

achieve more autonomy. Even the concept of a career was a contradiction as it suggested a series of steps controlled by the powerful. This lot intended to control their careers themselves. If they had an idea of a career it was as a portfolio of activities that might or might not reflect an institutional framework.

This generation was different in other ways too. While reluctant to run things themselves they did not mind criticising those who did. Indeed, anyone trying to manage these people in the late 1980s and early 1990s rapidly concluded that whatever he or she did for them was certain to be wrong. Most had professional qualifications or skills in short supply. Most wanted generous support. Most wanted to be understood and

many made little effort to explain their position. Hence, they were seen as arrogant, demanding, disloyal, self-centred and often incapable of maintaining relationships. Self-fulfilment, autonomy, self-directed work groups and empowerment became the buzzwords for the 1990s and traditional companies were criticised for

centralisation of power. Then recession hit western pusinesses and power broking chief executive were forced back into the limelight. Managing in a crisis requires a centralisation of and willingness to use power Turnaround requires

difficult decisions. These are the conditions in which bosses who love power thrive. They cut and reshape. Their expectations are expressed precisely in financial terms. Everyone understands the mes They focus on the short term and motivate people to keep their heads down, their clients or customers happy. and the cash flowing. These people are not given to

about corporate vision. Many supposedly excellent companies struggled to reconcile promises of fulfilment for individuals with falling markets. Some began to fail and many members of Generation X

met their Waterloo. They had married, had children, bought houses, paid for education and had, almost imperceptibly,

MALCOLM WAS A

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STARTED WORK

restrictions. Recession forced them to admit just how dependent they were on the institutions they criticised so loudly. An autonomous specialist at 40 has far fewer options than an experienced generalist. Years spent refining expertise had not guarantee freedom at all - just another form of dependence. nany a switch to consultancy. Others realised they did like being in charge after all and found managerial roles rewarding

autonomous units. Good chief executives became more expensive Hendhunters searched the world for chief executives motivated by and willing to ise power to rectify wrongs But by the 1990s, the aversion to power had

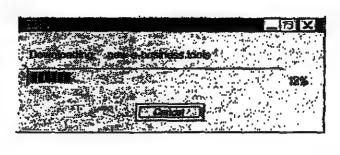
specially if they could run

whole businesses as

This year we have seen the first hard evidence in the London Business School data bank that achievers in their late 20s and 30s are ranking the opportunity to run things more strongly than a decade ago. They are also ranking power ahead of autonomy. The shortage of general managers may be coming to an end.

Autonomy is still a dominant motive for many professionals who do not want power and go to great lengths in their early careers to provide evidence of their manacerial incompetence. At the same time there is an increasing proportion of people who do want to be general managers. That is good news. Organisations do need managers, in spite of all the hype to the contrary.

John W. Hunt is Professor of Organisational Behaviour at London Business School and a consultant to private and public sector clients. This un appears fortniahth



See it here on Thursday.

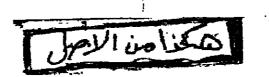
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Arts Guide

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SALEROOM: CHINESE FURNITURE IN NEW YORK

A keen interest in quality

It was clear nothing would ever among oriental collectibles. be quite the same again for traditional Chinese furniture after a Christie's sale in 1996 established a new benchmark for the works of the Ming and early Qing dynasties. Since then dealers have held their breath wondering whether prices would recede from a high-water mark of 1996 when Christie's disposed of the contents of the Museum of Classical Chinese Furniture, assembled, improbably, by a religious cult in California

3m above the auction house's pre-sale estimate and included a record price for a Chinese furniture item of \$1.1m for a 17th century huanghuali standing screen, prompted concern the market may have got a little ahead of

But the recent spring sales in New York have confirmed that. prices for items at the top end of the market are continuing to rise strongly, reflecting shortage of supply and keen interest among collectors in classic furniture which had, until fairly recently, been a less noticed segment

However, at the same time the New York sales also indicated that the market has softened for "mid-range" furniture items (those in the \$15,000-\$40,000 bracket) as collectors become more choosy. "There is more interest, more exhibitions, books,

the strength of the market for 1996 price. The piece had excited quality and provenance. The tapered cabinets, which are a staple of the best collections, brought \$220,090 compared with an estimate of \$80,000-\$100,000. The successful bidder was a Hong Kong collector, sug-

A steady trickle of fakes into the market has made buyers wary of mid-range items

and symposiums on the subject of classic Chinese furniture. People are becoming more educated, and frankly at these prices people have to be more discerning," says Theow Tow, Christie's international director of Chinese

At Christie's auction of fine Chinese ceramics, bronzes and works of art on March 25 the sale of a pair of huonghuali round corner cabinet with unusual besitong lockplates at a price which far exceeded estimates confirmed

That sale, which brought \$11.2, and they are paying more for provenance

have not yet bitten too deeply in

the former British colony.

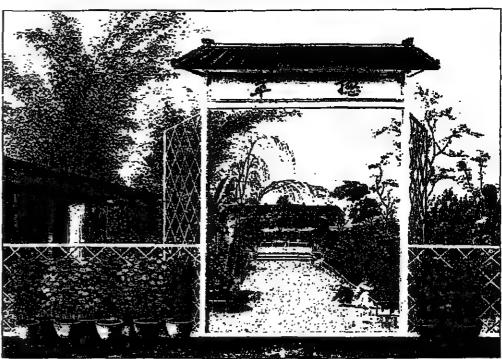
gesting Asia's economic woes

.Collectors seeking to draw a bead through the 1996 Christie's sale paid particular attention to a rare huanghuali Kang table with folding legs and a splendid Jichimu recessed-leg table, both of which had come from the Californian collection. In the event, the Kang table brought \$28,000. much the same price as in 1996. But the Jichimu side table exceeded estimates, bringing \$70,000, 40 per cent above its

keen interest among dealers. Buyers are becoming more concerned about the provenance of items offered for sale. A steady trickle of fakes into the world market, the handiwork of skilled artisans from mainland China. has made buyers particularly wary of mid-range items, according to Lark Mason, vice president Chinese Works of Art at Sotheby's. "The reason people are paying more for provenance is because of fakes," says Mason. "If you can have an established provenance it takes away the

Mason believe a high percentage of huanghuali items of dubious origin are fakes. "As the market rises," he says, "There is a very strong incentive to make superb copies." He also faults dealers who have sold indifferent items for extraordinarily high prices; bringing disappointment to collectors. The past several years has seen a sorting of the sheep from the goats.

In spite of a somewhat ragge learning experience for collectors of classic furniture prices, gener-



One of four 19th-century guiche on slik wall hangings depicting domestic scenes

tions at New York's spring sales, offered. Overall, the clearance rate of oriental collectibles at both Chrissnuff bottles did better than anticipated. At Sotheby's, unsold

Sotheby's had been uncertain about the effects of the Asian tie's and Sotheby's, including fur-niture, paintings, ceramics and fact, postponed a sale of Korean items until later in the year. But in the end the impact was minior "bought-in" works of art mai with strong buying from Tai- Tony Walker

ally speaking, matched expects- totalled just 18.7 per cent of lots wanese and Hong Kong collectors and dealers. The Japanese have not been a major force for years crisis. As Mason says, the "problems in Asia are not monolithic

BALLET IN PARIS

A turkey – and a band of young hopefuls

Clement Crisp reviews performances by a healthy company with a loyal audience

things better in Paris. Partly because of proper funding from the state - Chris Smith believes it has a duty as well as a joy in bringing the best of dance to the largest possible audience. Hence rational programmes. And there is, as a guiding and morally splendid attitude, a sense of pride in achievement.

study of logistics which was never get better if he goes on quite as dazzling as an artisof the Opera Ballet paid a that are the beach-wear of triumphant visit to Beijing, the damned, demonstrate an giving three performances of energy and and dedication Giselle (plus added divertissements) in the Great Hall of the People to nightly audiences of 11,000 people. At the same time, a group of 40 Opéra dancers were to be seen at the Bastille Opera House in a modern piece, Les Variations d'Utysse, while - angels all) were on view in concurrently - a select band an evening of classic test of young talents were involved at the Palais Garnier in the annual programmes given over to diere, Balanchine's Capriccio jeunes danseurs. Ask not what our own national ballet was doing.

Lest I be thought to be wearing several pairs of rose-coloured spectacles, I had better add at once that Les Variations d'Ulysse is a turkey of galactic proportions. It is the creation of Jean-Claude Gallotta, a darling of the French danse moderne (or whatever they call it. I call it an imposture).

As I have had often enough superbly lit by Dominique occasion to note in the past: Brugière, in which arena the they order these balletic cast, led by Jose Martinez (who is both Homer's hero and James Joyce's, and no further comment is needed) please note - but also and Agnes Letestu, rush and because the Paris Opera pose and strike attitudes. and behave as if in search of choreography. Vain hope. There is a sound-track of fearful banality, and a single pricing. Hence, too, the white ball roams cheerily effort to give wide-ranging through the action. A couple more of these would amount to critical commentary.

It is a piece with which Gallotta has been fiddling Lest week, in a dazzling over the past decade. It will picking at it. The cast, all tic achievement, 85 members. clad in crazed white outfits over and above the call of any duty. They are very fine. They deserve to be rewarded with choreography and not

Meantime, back at Ranch Garnier, the young hopefuls (aged between 17 and 20, and pleces. Duets from Giselle, Swan Lake, Beauty, the dear old sextet from La Vivanpas de deux, and the grand pas from Raymonda. Testpieces all, and plenty of fiving colours.

My heart was won by Juliane Mathis, who pounced on her dances in Vicandière and sent them flying over the stage in prettiest, most buoyant and bright-footed style. Her partner, Mallory Gaudiou, is a chap to watch, unafraid of aerial turns to left and It offers the grand space of right, and as ebullient as the Bastille stage, bare but



Penchy aloganou: Made-testalle Per ne în 'Capriccio' pas de daux

off with a punchy elegance, and not a little sexual wit, by Marie-Isabelle Peracchi and Alessio Carbone admirably cast - and the final Raymonda gave chances to two very promising sujets, Marie-Agnes Gillot and Stephane Phavo-

The Copyrical was brought rin, and some ardent young sensible; top prices for these

It is programmes of this kind, which involve the audience in watching the hopes and aspirations of the company, that makes the future of the troupe of such real significance to its public. And the ticket cost is

evenings were £30 and £20. a real public, of all sorts and conditions, fascinated by experiment, eager to see new dancers and new chorecersphy, and believing atterly in the company they support.

Covent Garden please note.

An old story played to a modern tune

ANDREW CLARK

Breek South Bunk Centre, London SE1

When Mark-Anthony Turnage's Greek received its first performances at the 1988 Munich Biennale and later in Edinburgh and London, it was so identified as a protest against Thatcherism that there were doubts about its durability. Last weekend's performances at Lon- stone facade which domidon's South Bank Centre amazingly, only the second UK staging of the work proved those doubts to be There is nothing

The opera has weathered arty-farty well - better than the Steven Berkoff play on which it was about 'Greek'. based. By taking the story of Eddy (Oedipus) back to its The music is classical roots. Clare Ven ables's staging shows that so rich and this modern re-telling of the Sophocles tragedy is much more than a piece of agitprop. Unlike so much contemporary opera, there is farty about Greek, Turnage's material is strong, direct and theatricel - above all in the Act 2 riddle scene, where an atmosphere of menace and suspense is borne aloft on a swing-inflected crescendo. His models - Berg for much of the instrumental writing. Britten for the voices - may be obvious, but he is never less than his own man. This music is so rich and atmospherically resonant that anyone can get into it, no matter what their musical

persuasion. Venables and her production team - the designer Conor Murphy, the conductor Diego Masson and the London Sinfonietta deserve credit for underlining these qualities. They make Greek appear softer. less aggressive, more imbued with the tragedy of antiquity, than we originally

home the sitcom quality of farcical coitus interruptus on as Venerable as classical the arrival of Eddy's parents, tragedy. the second half has a sardonic-ironic air in keeping with Turnage's more expansive

The only failure is the riot scene, obscured by the drab paies Act 1. Murphy could

atmospherically resonant that

anyone can get

into it have used the stage of the Queen Elizabeth Hall more imaginatively here, and explored his chevron-like design-motifs less apologetically. He seems more at home in Act 2, creating an open-plan set which marries modern chic with classical simplicity. For his confrontation with the Sphing, Eddy submits to an X-ray examination by two forbidding female doctors (worlds away from the punk lesbians of Jonathan Moore's original production), who reveal themselves, beneath their

white coats, to be blacktailed vampires. I am still not entirely convinced by the lighthearted ending. Turnage presumably felt that pointing a moral would have been too much

thought - notwithstanding an establishment stance. the raw comedy which punc- Eddy gets away with murder tures the seriousness of and a lot eise, and in that every scene. Venables rams sense, Greek is very much a young man's opera. But by Act 1, and while there are giving the devil the last equally entertaining laugh, Turnage is mining a moments in Act 2, such as a theatrical tradition almost

> And, of course, Eddy is too disarmingly honest to be the devil - especially in the shape of Garry Magee, who combines the boyish charm of Billy Liar, the streetwise humour of Harry Enfield and the amoral chuizpah of Brecht's Macheath. Magee makes us believe in Eddy's potential as a reformed character, but we're not allowed to get sentimental. The whole show smacks more of Punch and Judy than East Enders - a point made enduringly clear by the way Eddy pops up from his death-bed, pin-pricking the wishful thinking of the final

Magee's swaggering and richly nuanced performance is matched by Richard Chew's Dad, a superannuated sply who captures the manners of working class parenthood as vividly as Louisa Kennedy-Richardson's Mum. Together with Louise Mott's blonde bombshell of a Wife, they work their way through a host of minor parts which have us gasping at their versatility and Turnage's ingenuity.

Masson and the Sinfonietta convince us that the 25-year old Turnage was more comfortable writing for instruments than for voices In scene after scene, the dramatic language rising from the pit went far beyond merely aping or supporting the action on stage. This is the language of a born theatre composer, and it makes Turnage's first full-scale opera, to be premiered by English National Opera in 2000, all the more impatiently awaited.

INTERNATIONAL

Guide

BERLIN

Apr 22

CONCERTS Philharmonie Tel: 49-30-2548 8354 Berlin Philhermonic Orchestra: conducted by Roger Norrington in works by Haydn and Knussen;

 Berlin Philiharmonic Orchestra: conducted by Claudio Abbado In works by Mozart, Rihm, Brahms and Schumann; Apr 25, 26

DANCE Deutsche Oper Tel: 49-30-34384-01 La Sylphide: revival of a production designed by David Walker and directed by Peter Schaufuss, after August Bournonville; Apr 25

OPERA Deutsche Oper Tel: 49-30-34384-01 Der Prinz von Homburg: by Henze. Production conducted by Christian Thielemann in a staging by Götz Friedrich;

 Lohengrin: by Wagner. Revival of a production conducted by Christian Thielemann and staged

by Götz Friedrich; Apr 26

BIRMINGHAM CONCERT Symphony Hall Tel: 44-121-212 3333 two Pogorelich: recital by the plantst of works by Rachmaninov, and Chopin; Apr 23

CHICAGO CONCERTS Tel: 1-312-294-3000 www.chicagosymphony.org Chicago Symphony Orchestra: American premiere of Carter's Clarinet Concerto, conducted by Pierre Boulez with clarinet soloist John Bruce Yeh. The programme is completed by Mahler's Symphony No. 1 in D Major, Apr 23, 24, 25, 26

COPENHAGEN EXHIBITION Louisiana Museum of Moo Art, Humleback Tel: 45-4919 0719 www.louislana.dk Francis Bacon: major retrospective including loans from around the world; ends on Sunday

FLORENCE **OPERA** Maggio Musicale Fiorentino Tel: 39-55-211158 www.maggioflorentino.com The Lady Macbeth of the Misensk District by Shostakovich. New production by Ley Dodin,

conducted by Semyon Bychkov; Teatro Comunale; Apr 24, 26

FRANKFURT CONCERTS Frankfurt Oper Tel: 49-69-21202 Warsaw Radio Symphony Orchestra: conducted by Wolciech Raisid in works by Beethoven and Dvorák. With piano sololst Oli Mustonen; Apr 26

GENEVA CONCERT Victoria Hall Tel: 41-22-3170017 Orchestre de la Tonhelle de Zurich: conducted by David Zinman In works by Bartok and Mahler. With violin soloist Viktoria Mullova; Apr 22

HELSINKI Finnish National Opera Tel: 358-9-4030 2211 The Magic Flute: by Mozart. New production by Swedish director Etienne Glaser, designed by Peter Tillberg. Conducted by Okko Kamus Apr 24

LONDON CONCERTS Royal Festival Hall Tel: 44-171-960 4242 Orchestra of the Age of Enlightenment: conducted by Sir Simon Rettle in works by Mozart, Berlicz and Beethoven, With mezzo-soprano Ann Munay;

• The Royal Opera: Parsifal, by Wagner, Concert performance, conducted by Bernard Haltink. The title role is sung by Plácido Domingo; Apr 23

EXHIBITIONS Bathkeen Art Genery Tel: 44-171-638 8801 Furniture and ends on Sunday The Art of the Harley: 30 customised motorcycles provide the centrapiece of this display devoted to the 95 year history of the Harley-Davidson company; ends on Sunday

LOS ANGELES

OPERA L.A. Opera, Dorothy Chandler Tel: 1-213-972 8001 www.lappera.org Il Trovatore: by Verdi. Conducted by Gabriele Ferro in a staging by Stephen Lawless. Cast Includes

MUNICH CONCERTS Philharmonie Casteio Tel: 49-79-5481 8181

Vladimir Bogachov; Apr 25

 Klasninche Philhamorea Borut. conducted by Heribert Balasel In works by Rossini, Chopin and Beethoven; Apr 23 Königlich Flämische Philharmonie: conducted by Mu Hai Tang in works by Mozart. Brahms and Tchaikovsky. With violin soloist Julian Rachlin and pianist Anna Gourari, Apr 25 OPERA

Carl-Orff-Saal, Gasteig Tel: 49-89-1809 8508 Vision of Lear, by Toshio Hosokawa, with a libratto by Suzuki and Hosokawa. Co-production of the Munich ennale with the Shizuoka Performing Arts Centre; Apr 22

NEW YORK

OPERA New York City Opera, New York State Theate Tel: 1-212-870 5570 www.nycopera.com Paul Buriyan; by Britten. New production directed by Mark Lamos and conducted by Stewart Robertson; Apr 22, 25

EXHIBITION New-York Historical Society Landmarks of New York. A selection of photographs by Barbaraiee Diamonstein, Until July 7

PARIS

CONCERT Saile Pievel Tel: 33-1-4561 6589 Orchestre de Paris: conducted by Frans Brüggen in works by Haydn and Mozart. With cellist Truis Moric Apr 22, 23

Théâtre das Champs Elysiès Tel: 35-1-49625050 Vienna Philinamonic Orchestra: conducted by Zubin Mehta in works by Weber, Mozart and Mahler. With oboe soloist Martin Gabriel; Apr 24 Cecilia Bartoli, recital, with the Orchestre National de France

conducted by Charles Dutoit, in works by Rossini and Ravel;

ROME **OPERA** Teatro dell' Opera Tel: 39-6-481601 www.themix.it Parsifal: by Wagner. Bernard Haitink conducts the Covent Garden production, with a cast

John Tomlinson: Apr 26

SAN FRANCISCO CONCERTS Davies Symphony Hall Tel: 1-415-864 6000 www.sfsymphony.org San Francisco Symphony Orchestra: conducted by Hugo Wolff in works by Mozart and Schumenn. With plane soloist Alicia da Larrocha; Apr 22, 23, 24,

including Placido Domingo and

TOKYO CONCERT Bunkamura Tel: 81-3-3477 9999 New Japan Philharmonic: conducted by Rostropovich in works by Shostakovich. With plano soloist Constantin Lifechitz:

Orchard Half; Apr 24 TORONTO OPERA Canadian Opera Company,

Hummingbird Centre

Tel: 1-416-363 6671

WWW.COC.C8 Madama Butterfly: by Puccini. Conducted by Maurizio Barbacini in a staging by Brian MacDonald, with sets and costumes by Susan Benson; Apr 22, 25

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EDWARD MORTIMER

Unhappy birthday

As Israel prepares its 50th anniversary celebrations, Palestinians are reminded how they were forced to leave their homes

Israel is celebrating its 50th birthday in a characteristic monner: with a full-blooded family quarrel, where personalities, money and ideology all play a part.

have resigned from the inhiles committee followed by their supervising minister who complained of constant interference by the prime minister's staff. The budget has been slashed by 40 per cent. And there is no being celebrated.

The director of the pelebrations has ordered the deletion of all images referring to the Oslo peace accords from the official lubilee video clin. A school book published by the ducation ministry for the jubilee year omits any mention of the murder of Vitzbak Rabin or of the peace process with the

On the other hand Israel TV, defying official pressure. carried on screening a 22-part series on the history of the state, some enisodes of which have for the first time confronted Israelia with the Arab side of the story, Israel democracy is in some ways at its best under a rightwing government, which the intellectual and media establishment is prepared to challenge head on. Under Labour governments the pressure to gloss over emberrassing truths tends to be subtler and more

effective So Israelis are being reminded that the event they are calebrating next week is also the defining moment in Palestinian history.

Between 1918 and 1946 "Palestinian" was a legal term, defining the inhabitants of the British-ruled territory of

Palestine, whether Arab or

Jew. But in 1948 Palestinian Jews became Israelis. Palestinian became a programmatic term, defining an Arab people whose

from them. In 1988 the Palestine Liberation Organisation formally accepted that it would not get all its homeland back it recognised that Israel exists by right, and that the only solution to the conflict is the one proposed by the United Nations General Assembly back in 1947; partition.

In 1947 the Jews welcom that proposal while the Arabs, being the majority in Palestine as a whole and narrowly so even in the area proposed for the Jewish tate, had rejected it. So war decided the large. The Jewish state emerged with more of the territory than the UN had promised, but with much less of the Arab population, many of whom

Today it is the Arabs who accept the two-state solution and the Jews who reject it. But the PLO's abandonment of its claim to the whole of

individual Palestinians have lost their right to their original homes. Indeed in

one sense it actually

strengthens that right. Under UN General Assembly resolution 1947, the refusees wishing to return to their homes and live at peace with their neighbours should be permitted to do so at the earliest practicable date". But Israel, which at the time of its own admission to the UN promised to co-operate in settling this problem, had a plausible reason for not doing so while the surrounding Arab states, and later the PLO, were at

war with it. It argued that returning refugees could hardly be relied on to "live at peace" so long as their political leaders were pledged to remove the Jewish state from the man. Now, when Israel is

negotiating with a Palestinian leadership that has recognised Israel's right to exist, that argument no longer applies. And indeed the refugee problem is one of the issues on the agenda of

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those "final status" talks that Benjamin Netanyahu, the prime minister, says he is ready to start.

in reality, of course, it is not the issue Mr Netanyahu wishes to discuss. And even with a different Israeli government it would be naive to imagine that many refugees of 1948 vintage, or their heirs, will return to their original homes. Many of those homes were long ago destroyed. Others have been inhabited for two generations by Jewish amilies

But if they cannot return, the refugees are at least entitled to expect help in building new homes and lives for themselves in the part of Palestine that the Palestinians, as a people, are Dowed to keep. They are entitled to compensation as individuals but the Palestinian economy also needs help if it is to absorb and employ their talents.

This is not a legalistic point. It is empial to Israel's security. As long as the Palestinian economy fests with large numbers of people cooped up in refugee camps, there will be no shortage of recruits for terrorist groups. no matter what Preside Yassir Arafat's police do.

The Palestinians need unimpeded access to the israeli labour market (which also needs them). They also need access to the outside world (through a port and airport) and the financial help required for the ecessary infrastructure.

Israel will no doubt continue receiving military ud from the US for the Palestinians should not worry about that, since they are no longer seeking to

threaten Israel militarily. But many Israelis and Americans question whether israel still needs the \$1.2bn in US economic aid it receives each year. It is very hard to justify giving that kind of money to a country whose standard of living is higher than that of Spain, and many times that of its Arab neighbours.

It sounds paradoxical, but the best 50th birthday present the US Congress could give Israel might be to transfer at least part of this id to the Palestinians.

Edward Mortimer@FT.com

LETTERS TO THE EDITOR

Indonesia: no more airy-fairy talk but hearings on IMF policy fiascos

Sir, Your leader of April 15 ("Indonesian hopes") requires clarification. On August 14 1997, Indonesia floated the rupiab. The International Monetary Fund applauded. Unfortunately, the ruptah did not float. It

In an attempt to restore confidence, the Indonesians signed an IMF agreement in October. The IMP moved quickly to close 16 banks in November. This job was botched. It set off a financial panic which further undermined Indonesia's hanking system and sent the rupiah

On January 15 1998, the indonesians signed a second IMF agreement. That agreement did not address the underlying causes of Indonesia's financial crisis, Indeed, the agreement was a microeconomic, structural adjustment · programme aimed at breaking up crony

Before the tak had dried. the markets had sent the rupiah into yet another free fall. This left most of the economy insolvent, inflation and unemployment on the rise and unrest in the

By late January, President

Although his efforts met groups were formed to with unprecedented resistance from the IMF and international officialdom, the markets approved. The prospect of a currency board system sent the rupish rocketing from Rp16,000 to the dollar to Rp7,500 to the dollar in little more than two

On February 26, while operating as the president's special counsellor, I presented a comprehensive rupiah stabilisation programme. Its linchpin was the much-maligned currency board system.

components included proposals to reschedule external private debt_ reform Indonesia's bankruptcy procedures, priprises and recapitalise and restructure the banking system. The second IMF programme was retained, too. Mr Suharto embraced this gramme and referred to it as IMP-nine

Initially, the international pressure on Indonesia to implement the second IMF agreement became more intense. But Mr Subarto's dogged embrace of the IMFhis finally forced the IMF to recognise the inadequacy. Suharto was searching for and failure of its January other means to stabilise the programme. Five IMF-

rupiah and the economy. Indonesian discussion address the components in the IMF-plus programme, and in April a third IMF agreement was signed.

The outline of this agree ment is the same as the IMFplus programme, absent its linchpin, a currency board. It was replaced by a managed exchange rate with an artificial target for the rupiah of Rp6,000 to the

This rate can be achieved, but only with punishingly high interest rates, rates that cannot be sustained in

This is why the third IMF agreement has little chance of success. Before the US Congress votes to increase IMF funding, it should hold hearings on the IMF policy flascos in Indonesia. Transparent hearings are the only way to go beyond the airyfairy talk emitted from last week's IMF-World Bank meetings ("Crystal balls in Washington", April 17) and to get to the bottom of the sorry Indonesian saga.

professor of applied economics. The Johns Hopkins University. Baltimore, MD 21218,

Tobacco companies know best

From Mr Jonathan Portes. Sir, Roger Bate ("A myth stubbed out". April 20) argues that banning tobacco advertising would not reduce demand, because tobacco is a mature market and in such markets advertising only affects market share, not the total size of the market. Tobacco companies only advertise because failing to do so would concede the market to competi-

This sounds like a plausible argument. However, it is clear that the people in the best position to judge whether it is true - the tobacco companies themselves - disagree with it. If they did not, why on earth would they oppose advertis-

ing bans? If Mr Bate is right, tobacco advertising is a zero-sum game. A co-ordinated mechaenabled tobacco companies to stop advertising, all together and at the same time, without the risk that other companies would steal market share. would increase the profits of all tobacco companies. Yet I have never seen any indication that any tobacco company in any country sup-

ports a total advertising ban. There are only two possible explanations. The first is that the tobacco companies are deliberately throwing good money away for no reason. The second is that they think - with the benefit of voluminous and thorough research, not to mention the incentive of self-interest that they know better than Mr Bate what they are buying for the hundreds of millions of dollars they spend on advertising. Which is more plausible?

Jonathan Portes, 87 Washington Square West,

Pol Pot killings that were based on race

From Mr Charles Knutson Sir, Regarding Edward Mortimer's editorial "Icons of Evil" (April 17), which argues that Pol Pot's mass killings were based on class, not race, I would like to draw your attention to an excerpt from a New York Times article ("Pol Pot, Brutal Dictator Who Forced Cambodians To Killing Fields, Dies At 73") which

ran the same day: "The Kinner Rouge espe-

cially persecuted members of "half of that community." minority ethnic groups - the Based on these facts and Chinese, Muslim Chams, the legal definition of "geno-Vietnamese and Thais who cide" supplied by Mr Morhad lived for generations in timer, there is no doubt in the country, and any other, my mind that Pol Pot would npt to foreigners - in an atten have been found guilty of genocide had he been Non-Cambodians were forbrought to trial. bidden to speak their native languages or to exhibit any 'foreign' traits. The

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When big is not big enough

Canadian banks used to be larger than American ones. George Graham and Edward Alden ask what they can do now they are being overtaken

of the dilemma helymor the needs of domestic finance and those of the global capital dian banks have looked south with equanimity. Their nationwide branch networks gave them a scale denied to their US competitors, while government restrictions on foreign banks ent them a degree of secu-

rity at home. All that is changing, Mergers and consolidation in the US have created a string of powerful competitors. Some, such as the Californian bank Wells Fargo, have already begun to sell into Canada through the internet. Although Canadian banks have extensive networks abroad, particularly in Latin America, they are fearful that newly merged US institutions such as Citigroup may be about to take busi-

ness from them. Worse, in the next few months new legislation is expected to allow foreign anks to open hranches in Canada. A federal taskforce to examine the future of Canadian financial services is expected to recommend an end to the 10 per cent limit on shareholdings in local

The taskforce is due to report in September. But Canadian bankers have not been willing to wait that long. In January Royal Bank of Canada announced plans to merge with Bank of Montreal to creetie a bank with 41 per cent of the personal deposit market in Canada and 35 per cent of business

The RBC/Bank of Montreal deal goaded Charles Baillie, chairman and chief executive of Toronto-Dominion Bank, into action. Last week, he announced plans to merge his bank, the smallest of Canada's big five, with Canadian Imperial Bank of Commerce, which ranks just behind RBC in assets, though slightly shead in market capitalisation

In the past Canada has nedium-sized economy that could sustain banks capable of competing on a world Switzerland are others.)

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having half a dozen banks. and I would say five banks But as consolidation pro- is plenty concentrated ceeds in the US - and to enough," says John McNeil, some extent in Europe - chairman and chief execumany people fear that the minimum size for a worldclass bank will increase sharply. To stay competitive, Can-

ada might then have to go down to just to or three hanks. And that would create both political and regulatory trouble at home. How many banks does the economy need? And how will this affect domestic competition? Paul Martin, finance minister, is well aware of the ima. In a statement last week he said: "International scope and size can't be the only criteria for our deci-Canada's financial sector. Strong domestic competition is also a fundamental princi-

ple we support, to ensure. accessible and effective services to consumers and businesses and to sustain strong, ongoing job opportunities for Canadians." Not surprisingly, the decision of whether to approve the mergers is one of the most difficult faced by the

Chretien during its five years in office. Both mergers still have to jump a series of regulatory hurdles, including reviews by the competition authorities, the federal financial supervision office and the provincial securities The competition issue in particular could present dif-

ficulties. Even in the context of the broad national market the two combinations will control substantial slices of the market. In many been an example of a smaller communities the mergers will eliminate all competition.

This is causing some unease among competitors. T have some old-fashioned

For Canada that meant views about concentration Canada. "If he says nay, neitive of Sun Life of Canada. one of the big mutual life tor." companies. "Letting Number One merge with Number

librium in the system." has not been bad for consumers. Far from it. If you look at the data objectively, Canadians are extremely well served. Service charges are probably half to twothirds of what they would pay in the US, and interest margins are around 150 basis points lower than they would pay south of the border," points out John sions on the evolution of Palmer, the government's superintendent of financial institutions In any case, bankers say,

Three really upsets the equi-

they have been losing market share to a host of nonbank competitors, ranging from credit unions and leasing companies to supermarkets. Loblaw, the country's biggest food retailer, with voters to let the prolaunched a full-range hanking service in February. complete with bonus points Liberal government of Jean redeemable for groceries. The problem is, banks dominate banking. Banks don't dominate financial services," says Matthew Barrett, chairman of Bank of Montrou).

Arguments over the nature of competition aside, the plain fact is that the fate ers will depend on a straightforward political decision by not sure which way he will

"The final yea or nay rests with the Canadian minister of finance and does not necsarily rely on the outcome of previous reviews," says Peter Currie, chief financial officer of the Royal Bank of Depot to arrive."

ther the Royal Bank nor the Bank of Montreal wants to be in a position where it has disclosed its strategic plans to an ongoing competi-

Saying nay would certainly win votes. Few countries love their banks, but Canadians hold them in par-Bankers retort that big ticularly low esteem. "There's a real sense in the community that whatever community focus the banks had will be lost," says Jonathan Guss, chief executive of the Credit Union Central of

Small businesses, too, resent the banks' handling of their loans during the last recession. The Canadian Federation of Independent Business, which represents about 90,000 small businesses, found that about two-thirds of its members opposed allowing the big banks to merge. They thought that mega-banks would be less willing to lend

to small companies. It might be unpopular posed mergers go ahead. But can the government simply ignore the consolidation taking place in financial services around the world, particularly over the border in the US?

"It's going to be very difficult for the Canadian government to take the stance that somehow Canada is different," says Kent Wideman, senior vice president at of the proposed bank merg. Dominion Bond Rating Service in Toronto.

To Bank of Montreal's Mr Mr Martin. The banks are Barrett, the problem is as stark for the banks as it was for the small-town retailers who have seen their businesses destroyed by US giants such as Wal-Mart. "I don't want to be one of those local hardware stores sitting there waiting for Home

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The News

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Wednesday April 22 1998

Addressing the US bubble

sharpest stock market pundits from exploiting their recent argued that Tokyo was in the grip of a bubble that was about to burst. In the event it was Wall Street that went into a spin, causing a tremor around the world. Today the chief focus of concern is Japan's deflation-prone econ-omy, the fragility of its financial system and the wider Asian crisis. Yet there are equally worrying and under-remarked risks in the US to which monetary policy must now respond.

The Federal Reserve's decision to keep interest rates on hold in recent months has rightly been coloured by events in Asia. Yet the consequences of this policy are now reflected in a very powerful surge in the growth of broad money. Wage costs have been rising against the background of an unusually tight labour market, while consumer spending has been buoyant.

The banks, amply recapitalised since the recession of the early 1990s, are lending enthusiastically on credit risks of decreasing quality. So while consumer prices are still behaving well, there are characteristic symptoms of endof-cycle overheating.

The problem for the Fed has been to weigh the strength of domestic demand against the disinflationary impact of events in Asia. If the greater risk is of overheating, then interest rates should rise to pre-empt inflation. If, on the other hand, turnou in Asia is judged to outweigh the risk of domestic overheating, there is a different problem namely, a stock market bubble.

Stocks on Wall Street have iong been on demanding ratings. What is striking this year is that markets have continued to explora record tarritory despite the inevitability of a global slowdown and the alarming deterioration in the Japanese economy.

US optimism

earnings to recover quickly from the squeeze that will come from Asian devaluation. Yet the squeeze has barely started But it is nonetheless time for a because an acute shortage of pre-emptive striks. The alternative is far more worrying.

In 1987 some of the world's troubled Asian tiger economies devaluations. And the yen continues to depreciate.

Compelling evidence

The most compelling evidence of a bubble comes from the recent expansion of the Bank of Japan's balance sheet at an annual rate of more than 50 per cent. This massive injection of liquidity has failed to buoy up the Tokyo market or to stimulate bank lending. Instead it has inflated the value of assets elsewhere. At the same time Japanese investors have finally recognised that US and European markets represent outstanding value when compared with lowyielding domestic assets denominated in a currency set for sustained depreciation.

The outcome is that the freakish circumstances of the Japanese financial system are causing asset prices in the west to rise, while the earnings prospects of western companies decline. Meantime the risks of deflation and further competitive devaluations in Asia are increasing. This

is unquestionably a bubble. Asset prices are rarely a direct target of monetary policy. Moreover, Fed chairman Alan Greenspan remarked in a speech last year that history "is somewhat ambiguous on the issue of whether central banks can safely ignore asset markets, except as they affect product prices".

Yet the lessons of the Japanese bubble economy of the 1980s are surely that a failure to restrain a bubble can lead to an excessive accumulation of debt that debilitates the economy and paralyses the financial system. The longer the bubble lasts the greater the financial instability that results.

As after the 1987 stock market

crash, today's risk is that policy will stay accommodating for too long. That is not to underestimate Mr Greenspan's difficulties. about the ability of corporate dollar and weaken further the external account. It may also expose the leveraged and freelie elements of the financial system.

Back to Iraq

February's Baghdad agreement European commissioner for between the UN and Iraq was never likely to do more than buy time for the international community to reconsider its attitude to Saddam Hussein before he provoked the next crisis.

The time in question turns out to have been short, for the next crisis is already here. The UN special commission (Unscom) has inspected the "presidential sites" and found that all of them had undergone "extensive evacuation". In Unscom's view, "this makes follow-on missions more important". But Iraqi officials refused to sign any document which would imply a continuing right of access for the commis sion, claiming "that Iraq had agreed only to a process of visits of finite duration". Yet the absence of such a time limit was the precise point on which Kofi Annan insisted in his negotiation with Mr Saddam, with the support of all five members of the UN Security Council.

The Iraqi regime appears determined to go back on that clause of the agreement. On Monday night Tariq Aziz, the deputy prime minister, claimed that the inspection of the sites had proved all allegations false, and resumed the public attacks on Unscom which were a feature of the two previous crises.

Meanwhile the regime has launched a campaign to get sanctions lifted at the end of this month. It probably knows that this will not happen, but hopes for some reward for "good behaviour", helped by a report earlier in the month from the International Atomic Energy Agency which said Iraq had successfully compiled a "full, final and complete" account of its past nuclear programmes, and that monitoring since 1997 had revealed no evidence of any prohibited nuclear materials or activity.

. Humanitarian aid

This week a conference in London, aimed at giving more effective humanitarian aid to Iraq's population under the UN oil-for-food resolutions, was denounced ted by Russia as well as most of ical weapons used against them hag's neighbours. Emma Bonino. in 1988.

humanitarian affairs, chose it as the occasion to call for the abandonment of sanctions because of their disastrous effect on the Iraqi population. Many other commentators are coming to the same conclusion.

Horrible suffering

Critics of the sanctions say, rightly, that they cause horrible suffering and, probably also rightly, that they are not effec tive in weakening Mr Saddam's control of the country. Defenders of sanctions say, rightly, that they are not aimed at the civilian population, and that much of the suffering could be avoided if only the regime would co-operate. But if the regime were co-operative or motivated by concern for the people's welfare, it is unlikely sanctions would have been

More to the point, the sanctions are aimed, not at bringing down the regime but at denying it the resources to repeat its crimes of waging aggressive warand manufacturing weapons of mass destruction. So long as it is in control of the country, that unfortunately means debilitating the whole Iraqi economy. Sanctions, it cannot be repeated too often, are a form of war, and not necessarily the least unpleasant form. They are justified only by the extreme risk the world would run if Mr Saddam were to regain

the power he enjoyed in 1990. Nevertheless, the longer they have to be maintained, the less tenable and effective they become. A much greater effort is needed to agree on a policy which would target the regime and spare the people. Those who want sanctions ended should be actively seeking and supporting policies to hasten Mr Saddam's demise (such as his indictment for crimes against humanity, and help for his opponents). There should in any case be more effective assistance to those of his victime who are no longer in his grasp - such as the population of Halabja on the Iranian border. still suffering the effects of chem-

Our mutual revolution

he US will soon become the first country to have a mutual fund industry larger than its banking system. This will have huge ramifications. Among the things that will be affected are government revenues, regulation of the financial sector, the impact of wealth effects and popular attitudes to wealth creation.

At the end of 1997, the banking system had \$4,700bn (£2,800bn) of assets. The mutual fund industry had \$4,560bn. As the mutual fund sector is growing at an annual rate of 20 per cent - thanks to new money inflows and stock market appreciation - while banking is growing at 9 per cent. the lines will probably cross cometime around now.

The dramatic expansion of US mutual funds has been both the cause and effect of the US bull market. As recently as 1990, the mutual fund industry had about \$1,100bn of assets and only about 25 per cent of its assets were in equity funds. Today, equity funds have about \$2,400bn and thus account for more than half of the industry's total assets.

The growth of equity mutual funds has resulted from cash inflows and the expansion of stock market capitalisation from \$3,000bn in the early 1990s to more than \$10,000bn today.

The fixed income sector of the business has grown more slowly but its assets have still tripled since 1990. The number of matual funds has also increased from 1,100 10 years ago to 5,800 today. There are 60 per cent more mutual funds than companies listed on the New York Stock Exchange. The emergence of this industry

as such a large repository for

household wealth is altering the structure of the US financial system and the ways in which it interacts with the real economy. It has done so in several ways. First, it has expanded household ownership of equities to record levels. Public opinion surveys indicate that about 45 per cent of the American public has exposure to the equity market through mutual funds. That comperes with less than 5 per cent in the 1950s. Whereas the stock market was once the domain of weelthy families, about half of families earning \$25,000-\$50,000 a

The mutual fund boom has encouraged households to financial net worth. It is now 12-14 per cent during the 1980s and a previous peak of about 30 per cent in the late 1960s.

year now own equities.

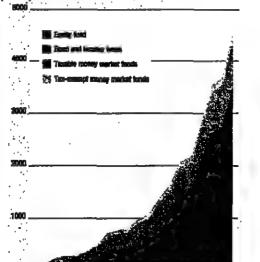
The big difference now is that mutual funds account for nearly one-fifth of household equity sasets, compared with only 4 per cent during the 1960s. About onethird of mutual fund assets are also held in the form of "defined contribution retirement savings programmes" such as 401(k) plans and individual retirement accounts. In 1995, 42m Americans

belonged to defined contribution pension plans, compared with 17.5m in 1980. The assets of those plans had risen to \$1,300bn from \$162bm in that period. The personal savings rate has fluctuated in a range around 4-5 per cent of household income in recent years in spite of the household sector enjoying a \$4,000bn capital gain on its equity portfolio.

This suggests that the shift to defined contribution plans (controlled by households) from defined benefit plans (provided by companies) has played an important role in restraining consumption and stabilising savings. Defined benefit plans had actuar-

The explosion in mutual funds is transforming the US.

One day, says David Hale, it will change the world



ial targets, which curtailed contributions and savings during bull markets. But savings flows into defined contribution plans increase the equity share of their are not restrained by rising asset

> effect has been to spead up the securitisation of corporate fundraising. Initial public offerings rose to a peak of \$50bn (865 IPOs) during 1996 from a previous high of \$34bn in 1998 (660 IPOs); they declined only modestly last year. There was more than \$1,000bm of bond offerings in 1997 for the first time in US history. As a result of their large appetite for debt and equity, mutual funds own more than 22 per cent of all US publicly corporate equity and 40 per cent of non-investment grade (tunk) bonds.

> Third, the growth of the mutual fund industry has caused Wall Street to refocus its efforts on retail investors. In 1997, for example, Morgan Stanley, a blue-chip investment bank, merged with Dean Witter, a brokerage house focused on small investors. An even bigger example has just occured: Citicorp has announced plans to merge with Travelers in a combination that could produce a retail and institotional powerhouse.

> Fourth, the mutual fund boom is contributing to a surge of

income tax receipts. This could would require large tax rises or produce a \$50bn-\$100bn budget transitional increases in the fedsurplus this fiscal year. The sec- eral budget deficit. tor realised capital gains of more than \$184bn in 1997 compared with \$101bn in 1996 and an aver- surplus exceeding \$50bn, it is not just altering the composition of 1990 and 1995. Its dividend and household savines. Its second big interest income also rose to "\$128.7bn during 1996 – more than

> The surge in tax receipts resulting from the equity boom

The expansion of the US mutual fund Industry has been a

twice the level in 1990.

cause and an effect of the US bull market

has been so great that it could become self-reinforcing by encouraging Congress to accept plans to privatise the social security system (that is, pensions provision). In 1994, the Clinton administration's taskforce on social security had offered a variety of proposals for introducing universal retirement savings comparable to 401(k) plans and individual retirement accounts. The administration itself had not been enthusiastic at the time because of concerns that they

But with stock market capital gains about to produce a budget about social security reform hotting up. There is support for social security privatisation on Capitol Hill and Bill Clinton, the president, could embrace the idea if he thought it would sustain the stock market boom, which has protected his popularity ratings

from other distractions. Wall Street is so highly valued that it is difficult to imagine how any policy change could push it higher. But the introduction of universal personal savings accounts for retirement would have several positive implica-

tions for equity prices. First, it would create a new source of cash flow for investment in the stock market. Second, it would make stock ownership so universal that every member of Congress would become more sensitive to how changes in aconomic policy affected equity values. Finally, the resulting rise in equity prices would further magnify the size of taxes or borrow to finance social security privatisation.

What remains to be seen is how the US government will

adjust its financial regulatory agencies to cope with the tremendous upheavals in the country's system of financial intermediation. The federal government employs more than 40,000 people to supervise the banking system and just 200 to monitor the mutual fund industry.

The government regulates banks carefully because of deposit insurance. Its primary goal in the mutual sector fund is to ensure adequate disclosure of information while allowing the industry to regulate itself.

That may soon change. The dramatic growth in the number of people with defined contribution pension plans will probably attract congressional scrutiny when Wall Street finally experispeed a porrection.

Congress will probably focus on whether the public under-stands how to make investment decisions for its retirement savings and whether mutual fund boards have the professional competence to supervise the fund managers under their jurisdiction,
As a result of the narrow con-

centration of stock market leadership in large capitalisation global blue chips, about 90 per cent of mutual funds have underperformed the market during the past 18 months. However, the public did not care because most funds nevertheless delivered double-digit returns,

The public will be less tolerant if there are bear markets on a scale comparable to those that occurred during the 1970s and 1980s, when high interest rates produced price declines as large as 50 per cent over two years.

The US is unique among the principal industrial nations in having such a large mutual fund sector. Europe has only about \$1,500bn in its mutual funds and equities account for less than 25 per cent of assets in every country except for the UK.

But as a result of low interest rates, savings flows into the European mutual fund were nearly as large as America's during 1997. In the case of Italy, the inflows were equal to 7 per cent of gross domestic product compared with 3.4 per cent in the US. Although the size of the US mutual fund industry is unique. it is probably only the first stage of a global financial services revolution that will be duplicated elsewhere because of the plans by several countries to introduce defined contribution retirement

Until recently, only a few countries had large pension fund sectors with exposure to assets other than government debt. But the success of Chile in increasing its savings rate through the introduction of universal retirement savings accounts invested in privately managed funds is encouraging countries as diverse as Mexico, China and Zimbabwe to move in a similar direction.

As a result, the current global bull market in equities is not just a reflection of strong corporate profits and low inflation. It could also be the first stage of a global financial revolution. Both industrial and developing countries are establishing universal programmes for retirement savings that will channel household wealth into private debt and equity markets on a scale without precedent in history. This will expand the world's population of shareowners from less than 100m in 1989 to more than the federal budget surplus and 1bn by 2010. They will do for the thus lessen the need to raise world next century what they are doing for the US now.

The author is chief economist with

Ginancial Times

100 years ago

Among the members of the

s an overwhelming majority

United States in the present

[London] Stock Exchange there

hostile to the pretensions of the

Cuban crisis, and the few who

are natives of the great Republic

A Reluctant American

OBSERVER

Metal

gurus

This week's Hanover Trade Fair -one of the world's premier engineering beanfeasts – may look like a German industrialist's notion of paradise. But among the latest valve technology, the mood among the hosts is about as bright and breezy as a marine diesel turbine: the wilting D-Mark may be helping exports, but the domestic economy is as flat as a cogwheel.

The mood hasn't been improved by the prospect of the autumn's national elections: for all his perceived faults, the stolid types admining the latest valve technology want to see Chancellor Helmut Kohl become the first occupant of the new presidential palace in Berlin, whenever it's

Sounding a bit like a stuck record - but being warmly applauded all the same -Hans-Olaf Henkel, the ruddy-faced outspoken chief of the German industry association BDI, had a pop at the taxing tendencies of the Social Democrats, who are ahead in the polis. It doesn't look as if

silver-tongued smoothle Gerhard Schröder, Kohl's Social Democrat challenger who has been charming the voters, has dented the bosses doubts. They don't deny his modernising credentials - some people in Germany are drawing British parallels, referring to him as Tony Schröder or Gerhard Blair - of the Currency for five years - his because, she said, "Sandy Welli.

but are waiting anxiously to see whether he can bring his party into line behind him. They fear that the tough medicine he is prescribing will be too much for the traditionalist old guard - like party

The metalbashers have had a few gripes about the Christian Democrat-led obslition over the last few years, but for now the critics are about as noisy as a well-ciled lathe.

Musical lobbying

Competition among Canada's long-distance telephone companie is fierce and getting fiercer. Many observers expect a flurry of akeover battles.

At such times, the media is in demand, and invitations are duly arriving on the nation's newsdesks Call-Net, majority owner of Sprint Canada, has invited reporters to a Rolling Stones concert in Toronto, while AT&T Canada has proposed a less trenzied gathering at the

But traditional values survive at BCE, the parent company of Bell Canada, Requests for interviews with executives at Canada's larges telecommunications group are met with a terse - but reassuringly familiar - "No comment".

in the bank

Evoene Ludwig is to be among friends at last. As US Comptroller a lonely battle in Washington to break down regulatory barriers and stood up for the rights of banks to get into new types of business. Now he's off to be vice-chairman of Bankers Trust, the money-centre hank which turned itself into an investment banking and securities

initially viewed Ludwig with suspicion: he made a real nuisano of himself enforcing legislation designed to prevent discrimination by banks in inner cities, in the end it was the politicians, not the bankers, who found Ludwig's reforming zeal - and his enthusiasm for pushing his office's power to the limit - hard to swallow.

it's hard to believe that bankers

Hard to Reed

Enigraptic Citicorp chief executive John Reed didn't have it all his own way yesterday at the last annual meeting of the bank he's leading into the megamerger with Travelers Group. Like everyone else, shareholders wondered how Reed and Travelers' Sendy Welli can possibly share power in the amicable way they apparently have in mind.

Shareholder Evelyn Davis had some ideas for the 59-year-old Reed: he would be "great as president of MIT" - his alma mate - or a "dashing ambassador to

Amentina". This career advice was offered

term ended this month - he fought | whether you like it or not, is going to run this show". Wonder what

Back of the net World Cup mania is reaching out

to China: from today, coverage, quizzes and factoids about the football iamboree in France will oop up on the China internet Corporation, which is a sort of sanitised, non-controversial information highway.

There's a big launch - featuring a couple of former British professional footballers, one of whom apparently once played a game for Tottenham Hotspur - of the web site bringing the finals to the world's most populous country, or at least to those who can get somewhere near a computer.

CIC is looking for a million hits by the end of the week - at least it should manage a better strike rate than the national team, which isn't poing to France, it overcame the might of Taijkistan. Turkmenistan and Vietnam, but Saudi Arabia and Iran proved just too strong.

Cup tied

Yesterday's deal on the future of New Caledonia, the French South Pacific territory, appears to leave some important details unresolved: French overseas minister Jean-Jack Queyranne had to admit that he didn't know when the island nation would be allowed to start entering the World Cup. No need for Brazil to worry, yet.

are keen as a rule to keep the fact quiet. Yesterday in the House [exchange] a group was discussing the question when one of these gentlemen came up, and someone sald: "By the way, you're an American, aren't you?" "Oh, no, I was born in England." "But you speak with a strong American accent." "Well. I've been in the States a great deal." He added triumphantly: "I've been across the Atlantic 37 times," but realised when a roar of laughter greeted this statement that the odd number had given him away. It showed that he must have started his

journeying from the other side of

50 years ago

the Atlantic.

Car Export Lead Britzin is the world's largest car exporting nation at the moment, our exports exceeding even those of the vast American motor industry, an even not recorded for at least 25 years. British munufacturera hava exceeded their export target of 75 per cent of car output.

THE LEX COLUMN

Purchase on the Pentagon

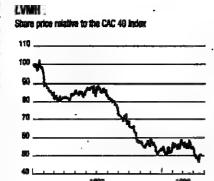
Tracor is not the big one. But Lord Simpson could hardly have found a better fit for his first sizeable acquisition since taking the helm at General Electric Company. The \$1.4bn purchase of the Texaspased group, two-thirds traditional defence hardware and one-third whizzy battlefield software, takes GEC further into the US, further into systems integration and closer to the Pentagon.

All three aspects are important. Tracor will turn GEC into the sixth largest US defence electronics company. That should allow it to keep up with the US's technological lead in defence equipment and make it a more attractive local partner or, as GEC puts it, add "lustre to its cluster". The fastest-growing part of Tra-cor, itself one of the fastest-growing US defence companies, ls its "digital battlefield" software, which allows generals to co-ordinate their aircraft, ships and satellites. Added to GEC-Marconi's electronic know-how, it gives the enlarged group a systems capability on a par with Lockheed and Boeing. And the price, 1.1 times revenues and 10 times last year's earnings before interest, tax and depreciation, is at the lower end of similar recent deals.

Most importantly, GEC is signalling its serious intent to the US government, laying the ground for a possible bid for Northrop Grumman, if the latter's merger with Lockheed is blocked. More likely, the Pentagon will force Lockheed to divest Northrop's radar and electronic warfare ses - the bits GEC is most interested in. The Tracor purchase also sends a wake-up call to France and Germany: Lord Simpson will not sit on his hands while the Europeans dawdle on the need for consolidation.

LVMH/DFS

It is easy to see DFS's footdragging over payments as the latest sign of trouble at the duty free retailer brought low by the Asian crisis. The more it appears to struggle, the more sait is rubbed into the wound inflicted on LVMH, the Franch luxury goods group which bought a 61 per cent stake for \$2.5bn in late 1996, before the bubble burst. But there are grains of comfort. Aggressive tackling of DFS's costs and working capital is exactly what is called for. The signs are that it is on



\$200m, and that it will make a net profit contribution in the first half - above the worst case scenario. As DFS made operating profits of about \$340m in 1996, its recovery is crucial to LVMH. But that depends on Japanese tourist spending.

Meanwhile, the profits plunge should galvanise management not only within DFS, but elsewhere in LVMH to limit the damage. A rebound in profits from perfume and cosmetics would be a good demonstration of this. At least the group has the undivided attention of chairman Bernard Arnault, who spent part of last year horse trading with the merging Guinness and Grand Metropolitan.

Despite a 50 per cent underperformance of the French market since the start of 1997, LVMH is only on a small price-carnings discount to it. With a target of increasing operating profits by 45 per cent between 1997 and 2000, the recovery potential looks real, but hardly imminent.

Sterling

Features

Arts Guid

idson's takeover of Buell Motorcycle is just one sign of a

No other airline flies to more cities, $\xi_{\rm s}$ around the world.

Lufthansa

val in America's once-moribund motorcycle industry. Page

Europe today

be dry with plenty of sun. The Baltic

countries through to the Black Sea

add thunderstorm. Most of central Europe will be dry and warm with

good suriny spells but showers may linger in the east and over the Alps.

increasingly cloudy with thunder-

storms spreading from the west but

surmy spells. The Mediterranean will

be warm with sunshine in the east,

but there will be storms in the west.

rm and central Europe and

outbreaks of rain or thunderstorms

tem Europe will become dry.

rain will edge into western areas by

Mediterranean will stay warm and

settled and warmer but thundery

but it will be generally warm.

Five-day forecast

SUTTENY.

eastern areas should stay dry with

9,10

Sterling's strength was never wholly "made in UK". Strong growth and rising was the mirror image on the continent struggling economies, rock-bottom interest rates and high unemployment. It was only a matter of time before the balance shifted. Sterling's fall below DM3 is evidence this process has begun. The catalyst was simple enough - realisation that European growth was gaining momentum. Look no further than yesterday's target to achieve annualised savings of Spanish industrial production figures -

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Asia-Pacific Company News

American Company News

up 11.8 per cent in the year to February. No wonder futures markets have started to price in higher European interest rates.

With D-Day for economic and monetary union only 10 days away, investors are also focusing again on the euro's credentials. They have been pleasantly surprised. True, unemployment remains a blight, but strong reserves, a big current account surplus, a hawkish central bank this is not the stuff of weak currencies. But that does not spell a rout for sterling either. After all, four members of the UK's monetary policy committee still favour higher interest rates. And while the pound has probably peaked against the D-Mark, it still looks in good shape against the dollar.

Rank Group

Rank's investors will not be happy campers after yesterday's news which left them nursing a 5 per cent fall in their shares. But they would be right to be patient. There were no howlers in the company's first quarter trading statement. So, the company will no longer be able to capitalise interest on a US thems park when it opens next year. But that should hardly have come as a big surprise, even though it may lead to modest profit downgrades.

What was missing was a sign that the investment poured into the Hard Rock Cafes and Butlins will translate into robust like-for-like growth. Clearer evidence should emerge after the company's far more significant third quarter trading. Andrew Tears, chief executive, has bet

his credibility on waking up this lumbering giant. He is taking Hard Rock back to its roots with compilation albums and live gigs. Butlins is being dragged as upmarket as Skegness can ever get. The strategy is not expected to deliver immedistely, and there are challenges: with sterling still strong, campers are heading to the Continent. And competition is keeping pressure on Hard Rock's merchandising margins.

Rank's management is right to invest in its brands. So far, its ideas are not obviously wrong-headed. But investors should watch like hawks that the company keeps to its 15 per cent return on investment target. The time to judge that will be in the 1996 figures.

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Senate may block \$6.3bn US climate control plan

Environment Correspondent

President Bill Clinton is unlikely to. secure the \$6.3bn he has sought from Congress to fund a US package to lead a global fight against climate change, according to an administration document and US officials.

Details of the internal documen made available to the Financial Times, show plans drawn up by the Senate do not allow for funding a programme to promote new technologies reducing greenhouse gases linked to global warming.

The failure of the plans to provide tax incentives and subsidies for more efficient fossil fuel use and renewable energy sources would almost certainly spark fierce protests around the world.

According to the document, the White House's Office of Management and Budget has concluded it is "safe to assume that the Senate resolution does not provide the necessary supallow the government to fund the take it seriously," she said. package "without seriously jeopar-

dising other critical programmes". The House of Representatives, which like the Senate has already expressed hostility to the interna- source of greenhouse gases, to meet tional greenhouse gas emission curbs negotiated last December in

budget blueprint for 1999. The final budget will be negotiated with the The package is seen by the White House as essential for reducing US emissions cost-effectively and for

securing concerted international

Kyoto, will come up with its own

"This makes our life miserable." said one administration official of the Senate's current stance. "It means that our efforts to advance domestically will slow down to the point where attempts to advance internationally are going to be that

much more difficult." Anna Lindh, Sweden's environment minister, said that any failure by Congress to release the funds would be "alarming". "If the rest of port for this important initiative". It the world is to take this problem ton's criticism of the Senate resolusays the Senate's response to Mr seriously, it is very important that Clinton's budget plans would not the US, the biggest emitter, should such as Medicare and education.

Joe Romm, a senior Department of Shell quits lobby, Page 5

Energy official, said the programme was the most cost-effective method for the US, the world's single biggest its own 7 per cent emissions reductions target, agreed at Kyoto.

The programme is also necessary to convince fast-growing developing nations such as China and India to take action of their own. This in turn is a condition for the Senate to ratify the Kyoto treaty, which committed only developed countries to Mr Romm, whose department is the substantial of the legally binding targets for reducing emissions by 2010.

would distribute the subsidy part of any package, still expressed hope that Mr Clinton and Vice-President Al Gore would manage to salvage a large part of the programme in the end-game of budget negotiations later this year.

Other officials said, however, that the department was being naive. I would be surprised if we get even half the money," said one. Mr Clintion focused on important priorities

Krauss-Maffei group wins \$5bn battlefield taxi contract

By Lucy Smy in Sone and Alexander Micoli in London

consortium of European companies led by Krauss-Maffei of Germany has won a \$5bn contract to build a European armoured personnel carrier nicknamed the battlefield

Germany, Britain, France and the Netherlands are set to announce today that they will buy 5,000 to 6,000 of the multi-role armoured vehicles from the consortium over the next decade in one of the biggest European joint procurement orders. German officials, who are manag-

ing the project on behalf of the partner countries, said they were confident of strong export potential for

The winning consortium groups part of the Rheinmetall group, and Wegmann with GKN of Britain and Giat, the state-owned French arms- supply 200 vahicles each to Germents maker. Their design for an many, France and the UK, with a has correspondingly diminished.

able to carry 11 soldiers, best competition from another consortium involving Vickers and Alvis of the UK, Henschel of Germany and Panhard & Levassor of France.

Today's announcement is likely to trigger consolidation of the overrowded armoured vehicle segment of the European defence industry, which will have no other orders of comparable size for some years. German government officials

acknowledged that the order would give Krauss-Maffei a dominant

It will be a blow for Vickers, which had planned to focus more on its defence interests while selling its Rolls-Royce Motor Cars subsidiary and its medical equipment division. However, Alvis, its fellow consor- the battlefield, with European German companies Krauss-Maffei, a thum member, said it did not expect armies increasingly needing flexible subsidiary of Mannesmann, MaK, the loss of the contract to have a utility vehicles they can use both in

The consortium will initially ment to the world's crisis points.

sight-wheeled vahicle, which will be total project cost of about DML.6bm (\$870m). After 2004, officials expect the German army to order another 8,000 vehicles, with the UK ordering 1,500, France 600 and the Netherands expected to order 800 to 800.

The project has attracted some scepticism because the procurement process has not involved building a prototype. Governments have relied instead on designs.

However, German officials shrugged off questions about the capabilities of the vehicle, insisting the quality of the companies involved in the consortium ensured (the vehicle would work. "If a wheel is from Mercedes, it will turn," said

The modular design of the vehicle is aimed to give multiple roles on peacekeeping and in rapid deploy-The role of heavier tanks with tracks

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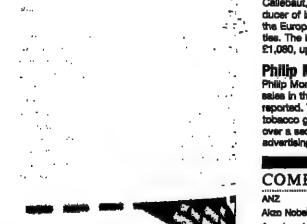
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MARKET STATISTICS Annual reports service 34,35 FTSE Actuates share indices 36 Cilts prices

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COMPANIES & MARKET

WEDNESDAY APRIL 22 1998

Lord Simpson said, however,

Descend from Canary Wharf and

Peak.

from Heathrow to the Alps. For a breathtsking view from above. And a breathtaking hike from below.

world's most refreshing cirlin

INSIDE

Catch the early bird. Swissair. Be in Zurich by 9 a.m., board a connecting

flight before 10, and

business to assist you in yours.

Philips shares rise 10% in two days Philips, the Dutch

Philips Stare price (P)

electronics giant, gained ground on the AEX index in Amsterdam. The shares rose FI 8.20 to FI 167 for a two-day advance of more than 10 per cent in anticipation of a strong set of results when the group unveils first-quarter figures today. It may also report news of a further reor-

ganisation. The AEX finished the day up 6.56 points at 1,187.97. Europe report, Page 40

Akzo move paints new global picture The race for global domination of the paints sector is speeding up, and the gap between the leaders and the rast is widening. After buying Courtsukis, in a £1.8bn (\$3bn) agreed bid this week, Akzo Nobel will produce 1.2bn litres of paint a year. Almost 20 years of consolidation and Internationalsation of what were once national markets has changed the face of the industry. Page 26

Tenneco beats estimates with \$75m Strong automotive original equipment sales growth in North America and Europe, coupled with a rebound in its packaging division, led to Tenneco outstripping analysts' estimates for the first quar-ter, and reporting profits of \$75m after tex — up from \$53m a year earlier. Page 20

Convergence talk hits bond prices Speculation of a shift towards convergence in European interest rates and continuing profit-taking on Wall Street sent prices drifting further downwards. US Tressuries came under pressure from the failing value of the dollar. Further, a Federal Reserve board governor made some bearish comments, warning that the Fed would have to make a move unless the Asian crisis slowed US economic growth. Government bonds, Page 28

Cut-price imports hurting Baosteel Bacateel, one of China's largest and historically most profitable steelmakers, is being threatened by the collapse of exports to South Kores and a surge in cut-price imports from elsewhere in Asia. The company saw profits slide 37 per cent last year as slowing domestic demand conspired with growing oversupply to depress prices. Page 22

Phibro sells cocoa to Callebaut

The price of coops jumped sharply after Barry Callebaut, the leading cocoa processor and producer of industrial chocolate, bought a big part of the European occos stocks of Phibro Commodities. The benchmark July cocce contract closed at £1.080, up £27 from Monday's close. Page 26

Philip Morris lifts US market share Philip Morris has more than half of all oigarette; sales in the US for the first time, the company reported. This follows a marketing skirmleh among tobacco groups, parity spurred by the negotiations over a sector-wide settlement that would start advertising restrictions. Page 21

COMPANIES IN THIS ISSUE

American Home Prods

Amoco

Argos

BOE

Bano One

Bacetee

Carg#

Citicora

Daimaru

De Beent

Electrabe

Freeport-M

General Motors

Kimberly-Clark

Krauss-Maffe

Endesa

Courteulds

Crédit Lyonnali

Banco Popula

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Shanghai Diesal

Sun Life of Canada Symbol Technologies

SAP

Shell

Oracle

24 Northrop Grummen

22 PanCanadian Petrol

Philip Morris

Price Waterhouse

PolyGram

22 NatWest

GEC to take over Tracor in \$1.4bn defence deal

By Alexander Wood, Defence Correspondent the UK yesterday announced a significant expansion of its US defence interests through the pany based in Austin, Texas, The acquisition, subject to US regulatory approval, would of Northrop by Lockheed Marbe the first big purchase by GEC since Lord Simpson, man- but US courts are unlikely to

dependence on joint ventures General Electric Company of and to grow in electronics. Lord Simpson said there and revealed his interest in \$1.4bn agreed takeover of Tra- Northrop Grumman, the US cur, a defence electronics com- aerospace and electronics group. Washington is seeking to block the planned takeover

aging director, announced a rule on the matter until the ness, with 17,000 employees strategy to reduce the group's end of the year. "We are very interested in because it is our kind of busi-

them and we stand by to enter discussions." A combination of Tracor and tin on competition grounds. arm, would be the sixth largest US defence electronics busi-

and 1997 revenues of \$2.3bm.

Tracor would be the latest in what is happening there, a series of US defence companies to be acquired in a rapid would be further purchases, ness," Lord Simpson said. "We consolidation that has seen are in communication with takeovers worth \$62bn in five years. GEC is also involved in noves to consolidate Europe's industry; GEC-Marconi is close the US interests of GEC- to an agreement on pooling Marconi, the group's defence some missile and electronics

GEC, which had net cash of Elbn at the end of March 1997, E4.58. has since made disposals and interests with Alenia of Italy is floating off part of its GEC and is believed to be interested

CSF of France.

in an alliance with Thomson Grepower remains very sub-GEC is offering \$40 per share that GEC would "carve out its in cash for Tracor, which had own destiny" without waiting 1997 operating profits of \$102m for France to permit Europe on revenues of \$1.26bn. It had wide restructuring of the an order book of \$1.3bn at the

industry by privatising its end of the year. GEC estimates GEC's shares rose 14 in to

Lex, Page 16

Mr Boardman said that if

3m, the company would fall

into loss. "Then Toyota will

have to decide if the downturn

is structural or just evelical. If

it's structural they will have to

look at cutting models, closing

factories, and laying people

Nissan, which issued a prof-

its warning earlier this month,

said that in March domestic

sales fell 20.3 per cent and

exports were 17.9 per cent

its domestic production was

cut 15 per cent to 150,780

vehicles. Nissan's stock was

the most heavily traded on the

Tokyo market, and closed

Mazda, which is controlled

by Ford of the US, said domes-

tic sales fell 16.3 per cent while

exports rose 11.8 per cent. Pro-

duction fell 8.7 per cent to

down Y35 at Y467.

off," he said.

Bull markets help Citicorp stay ahead of Asia crisis

in Moor York

Bull markets in North America and Europe helped Citicorp, the US bank planning a \$170bn merger with Travelers Group, to overcome a sharp fall in income from its big Asian consumer banking operations in the first quarter. Both Citicorp and Chase Manhattan, the two US banks with the largest exposures to Asia, announced yesterday that strong global trading revenues had enabled them to withstand the impact of the Asian currency crisis. The news came as John

Reed, Citicorp's chief execu-tive, strongly reinforced his rise 11 per cent to \$499m, with commitment to the merger with Travelers. It has come under criticism in the last week after initially being very well received.

share increased 11 per cent to

Income from consumer benking in emerging markets, an area where the bank has invested heavily in the last few years, fell \$83m compared to the equivalent quarter of 1997 to \$164m. This reflected economic conditions and weakened currencies in the Asia Pacific region. Revenue from global corporate banking rose \$384m, or 20

per cent, over the same period, driven by strong activity in rising western markets. Net income from corporate banking rose by 16 per cent to \$753m. Corporate banking for the operating margin growing by 28 per cent. Speaking at the bank's

annual shareholder meeting, analyst at Lehman Brothers, Mr Reedsaid the merger with Travelers would hinge on mean that the Asian impact is quarter was \$1.065bb, up 7 per opportunities to cross-sell cent on the equivalent quarter products at both consumer and impact, but the value of havof last year. Earnings per corporate level Some commen-ing a broad franchise comes



tators have said this will be hard to achieve. Mr Reed insisted: "The promise, and Net income from all global opportunity, is to build a consumer businesses, including North America, Europe global, branded offering that will give the customer superior and Japan, declined to \$458m quality, ubiquitous presence from \$493m in the equivalent

Diane Glossman, banking quarter of last year. Citicorp shares gained modsaid: "Market-related revenues erately in morning trading, up | while domestic production was trend. It said March domestic quite limited. It isn't a zero

quarter of last year. This was

an increase of \$7m on the final

Japan's carmakers slash production as domestic sales fall

Japan's top carmakers cut annual production fell below production sharply last month in the face of a continuing collapse in domestic demand and slowing export growth.

The data underlined the difficulties facing the Japanese automotive industry, providing no glimmer of hope that local demand might be improving.
"It looks like sales are spiral-

ling downwards and it's unclear when they will stop falling," said Peter Boardman, automotive analyst at SBC Warburg in Tokyo. He expected the industry's production to fall year on year by 14 per cent this month and 18 per cent in May.

The steel industry, with much of its output going to the automotive industry, also predicted its production this quarter would be the lowest for 27

Toyota, the biggest Japanese Mitsubishi Motors reported assembler, said its domestic sales down 24.5 per vehicle registrations fell 21 per cent, exports up 10.1 per cent cent in March compared with Exports rose 10.9 per cent, Toyota is building 12,300

and domestic production down the same month last year. 22.3 per cent at 102.512 units.

81,871 units.

Only Honda bucked the pared with 20.7 per cent for the vehicles a day, at an annual-increased 11.8 per cent.

Millennium 'bomb' helps profits at SAP increase 72%

German business software group, yesterday reported another big increase in profits but warned of slower growth in the second half of this year. Shares in SAP, which had this year, rose DML86 to close

SAP, the rapidly-growing increased 72 per cent to ning software. DM311m in the first quarter. beating analysts' expectations. SAP last week reported sales increased 63 per cent to italisation. It has enjoyed DM1.68bn in the first quarter. The software group, based in Walldorf, southern Germany,

at DM940.8 (\$516.6) after it in the fast expanding market announced pre-tax profits for enterprise resource planing market announced 72 per cent to ning software.

The fast expanding market rency. But SAP said growth was also uncertainty about the effects of the Asian financial for SAP's products might slow second half of this year crisis. "We are maintaining once the market for larger SAP has become one of the

and convenience at signifi-

cently improved cost."

four biggest German companies in terms of market capstrong demand from busifor the millennium "bomb" has become the market leader and the European single cur-

because of doubts about how long these factors would influence demand. Last year sales increased 62 per cent to DM6.02bn and pre-tax profits

72 per cent to DML67bn.

our forecast of revenue growth expectations for slower growth in the second half," he said.

SAP is also facing tough

companies has been saturated. of between 30 per cent and 35 SAP said yesterday that use of per cent for the year, given our its software by small and medium-sized business grew in the first quarter.

This year the group is expanding its workforce by 5,000, almost 40 per cent.



BARRY RILEY

Wall St and the amazing vanishing risk premium

Wall Street has been doing its very best to ignore the dip in US corporate earnings growth, but as the first-quarter reporting season gets under way the 13 per cent fall in IBM's earnings per share has given a reminder of the weakening fundamentals. But how important are

earnings in a

momentum-driven market? Not very, it seems. Early in January I suggested. prematurely, that Wall Street would struggle in the face of an unexpected earnings slowdown_Earnings expectations have duly decelerated sharply (consensus growth is now down to a bare 1 per cent for the first quarter), but the market has nevertheless raced ahead. Consequently the S&P 500

remarkable trailing price/ earnings ratio of 28. Perhaps the investor relations spin doctors are playing their usual games. In the past a pattern has developed of downgrades followed by positive earnings

index has gone on to a

'surprises" in the event. In any case the consensus forecasts from sources such as First Call indicate that the analysts are only expecting a very temporary earnings blip. By the fourth quarter, they say, earnings will be racing ahead again by something like 15 per cent. For the full year, growth will be about 10 per cent, just as in 1997.

Now you see the slowdown, now you don't. A wobble in the technology sector, and short-term problems for US companies exposed to Asia, will soon be reversed, say the analysts. Long-term consensus growth expectations of some 14 per cent remain intact, even though they start from a historically high base of return on equity and share of profits in gross domestic product after

economic untrend. Do analysts have any rational basis for such long-term projections? Or is the reasoning circular, in that unprecedented growth rates on such a scale would be required to validate current valuations and permit continued attractive returns?

some seven years of an

Over 50 years the trend growth of earnings per share for US equities has been just 6.2 per cent a year, although it has been 10 per cent annually over the past decade. Mulling over these numbers, Ivan This may provide an team, calculates that a further

E. Stux of Morgan Stanley Dean Witter's quantitative acceleration to 11.5 per cent annually over the next decade is required to justify current price levels. This is on the assumption that investors require a 2 per cent annual risk premium to hold equities rather than Treasury bonds. Alternatively, he says, let us postulate that the risk

premium, which in the 1960s

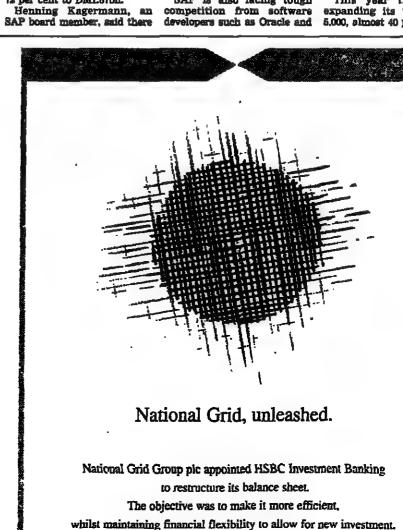
ranged between 7 and 10 per

economy from which the economic cycle has been hanished investors do not see equities as any riskier than bonds. On this starry-eyed basis, US share prices could after all be reconciled with more realistic (that is, lower) earnings growth projections.

The downside would become painfully evident if investors were to become cautious again, and the risk premium were to widen. It could happen quite suddenly. Over at Goldman Sachs.

global strategist Jeffrey Weingarten has been looking at international valuations. He estimates the average p/e ratio for the world (excluding Japan) at 24. A total long-run annual return of 8 per cent a year is possible, he suggests, still allowing room for a 2 to 3 per cent risk premium. But this depends on the sustainability of double-digit returns on equity in the context of 5 per cent bond

explanation for the western stock market bubble: the opening of a remarkably wide gap between corporate return on equity and bond yields, sustained by unprecedented corporate restructuring and equity buy-backs. Goldman Sachs remains bullish. The rest of us will wonder whether the US earnings dip could provide the first clear warning sign that the gap is narrowing.



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Paris bourse to launch EDR market

Capital Markets Editor

The SBF-Paris Bourse is to launch a European depositary receipt market in early 1999 in an attempt to attract hope that the euro will cre- could be traded in euros if listings of emerging market ate a substantial pan- issuers and investors tance to EDRs, given the companies away from Lon- European equity market and demanded it, but the dollar small size of the French mardon and New York.

another attempt by a European exchange to challenge
London's position as the ket companies will be placed regional financial centre.

Banco

Popular

rises 9%

By Tom Burns in Medrid

recently launched a success- euro-denominated form. ful attack on London's dominance in German govern- centre for depositary ment bond futures trading. receipts, trading GDRs on its

The Paris bourse has Seaq system. The London tional accounting standards linked with Citihank in the Stock Exchange said GDRs or US GAAP accounts. The move will be seen as ment capital for interna- currency of choice. tional issuers.

Shares in emerging marwith Citibank, as the deposi-The Deutsche Terminborse tary bank, and reissued in ern Europe for potential

London is the European

offer a large pool of invest- remained the international

Citibank is hoping to have at least 10 listings by the middle of 1999, and is targeting Latin America and east-

issuers. EDRs will face listing requirements similar to those of ADRs, and will be able to use either interna-

There may be some resisket compared with London and New York. However, there will be electronic linkups with other European exchanges, enabling pan-European trading.

James Donovan, global

managing director for Citi-bank's depositary receipt Jean-François Theodon business, said: "We have chairman of SBF-Paris been looking to create a Bourse, said: "By launching structure around the new European market. The retail equity market in Europe is issuers and European invesstarting to grow at rates that tors an unprecedented look like the US market of 10

years ago. The EOR market could get support from funds in the Emu zone, which are restricted to investing in the euro capital market and euro-denominated shares, or a recurrent fund raising in shares traded within the capacity."

the EDR market, the Paris opportunity to make the most of the euro. The listing of EDR on the Paris Bourse regulated market provides issuers with a gateway to



By Alica Rawstoon

in quarter music sales

Banco Popular, the highlycapitalised Spanish bank, yesterday reported an 8.9 per cent increase in first-quarter net profits, to Pta17.5bn (\$114.3m), and claimed that declining net interest income, which had penalised of last year. earnings last year, had bot-Alain Lévy, president,

Net interest income was down from Pta44bn in the first three months of last year to Pta40.2bn. However, there was a quarter-on-quarter increase of 0.4 per cent, the first such rise in the past 12 months.

As a net lender on the interbank market, Popular has been particularly exposed to falling domestic interest rates.

Although the results were in line with forecasts, the shares lost Pta420, or 3 per cent, to close at Pta13,230. The Madrid Bolsa's general index was down 0.6 per cent. Manuel Martin, Popular's chief economist, said the net

interest income figure was "a very positive sign". He said the bank expected to recover its lost margins early next year.

The bank occupies a niche position as the chief lender to high net worth individuals and to profitable cleared the merger of Price await formal clearance from is necessary to underpin medium-sized businesses. More than 50 per cent-owned. by foreign institutions, Popular has traditionally boasted the strongest balance sheet in the domestic banking sector.

Write-offs and provisions for credit losses totalled amid worries that the the UK's Financial Services during the early years of the Ptal.9bn, 47 per cent down on the bad and doubtful loan allocation in the first three months of 1997 and 42.3 per cent less than the allocation in the final quarter of 1997. The sharply lower provisioning was made possible by the high quality of Popular's credit portfolio.

Disappointing sales by its record labels triggered a steep fall in first-quarter net income for PolyGram, the Dutch entertainment group, to Fl 15m (\$7.4m) from Fl 122m in the same period

warned of a flat second quar-ter for music, and a "soft" one for PolyGram's film division. However, he forecast a stronger second half, fuelled by new albums from Hanson, Sheryl Crow and Andrea Bocelli, and films

including Etizabeth, the his-Tyler and Robert Carlyle. PolyGram's shares, which fell last month after Mr Lévy

warned investors about the

Swiss regulators have

Lybrand, removing the last

The Competition Commis-

investigation into the deal -

as had EU authorities -

insurance companies and

But a statement issued

last night said "there will be

multinationals.

tion of the \$13bn deal.

The Dutch group, which is 75 per cent owned by Philips.

the consumer electronics group, mustered a modest increase in sales from F12.2bn to F12.28bn in the three months to March 31. However, operating income fell from Fl 196m to fl 41m largely because of an increase in marketing and

recording costs for the music

division. Net income per share tumbled from Fl 0.68 to Only two albums, by All Saints and Andrea Bocelli, sold more than 1m copies torical epic, and *Plankett* during the quarter, against to Fl 90m on sales of film by the Oscar-winning and Macleone, starring Liv five in the same period last Fl 1.8bn, compared with Coan brothers, opened duryear. Mr Lévy said releases from Brian McKnight and

Spitz had sold well. PolyGram's record compa-

Andersen and Deloitte &

Waterhouse and Coopers & the European Commission. ambitions of 20 per cent a

On Friday, the advisory com-

meets to consider the merger

auditing among banks, eties, the merger is unlikely. The combined staff of the

new merged firm, code-

these markets even after the reviewing confidential docu- putting the firm in a "break-

merger" from other interna-tional firms such as Ernst & ing 1,000 new staff a week global "Big Five".

potential barrier to comple- mittee of member states terms of gross revenues.

Young, KPMG. Arthur for up to five years.

The two firms now only expansion in staff numbers

task force's recommendation doubt whether the expansion

some authorities, including be seen against staff losses

Meanwhile, in New York 136,500 If growth can be sus-partners selected to run the tained over the five-year

While it is known that ment drive will also have to

Swiss authorities clear

PW and C&L merger

affected by Asia's economic launch a film distributor in instability, and have litaly, reduced its operating increased provisions for bad deficit from F155m to F149m debts and returns in the

Overall, operating income from music fell from Fl 251m to Fi 90m on sales of film by the Oscar-winning Fl 1_91bm

operation last autumn and

believe the massive global

year growth for Newco in

However, rival firms will

can be achieved. The recruit-

two firms is currently

plan staff levels could

approach 400,000 by 2003,

on increased sales of F1480m, against F1293m in the first quarter.

The Big Lebousici, the new ing the quarter, as did The The film division, which Borrowers, a children's pic-opened its US distribution ture, in the US. While the film division is

the second quarter, Mr Lévy anticipates improvement in the second half when, in addition to chema rele PolyGram will launch The Borrowers, Spice World -The Movie and Barney's Great Adventure on video.

Film is also expected to benefit from video and television income produced by CDR, the 1,050-strong film library recently acquired by

Endesa to invest \$2.6bn overseas

Foreign investments by total assets by the and of tive Rafael Miranda said yesterday.

He said moves to open European electricity markets to greater competition, under an EU directive due to come into force next February, had encouraged Euro- tor, told the conference that pean suppliers to pursue companies such as his own,

investments overseas. Endesa expects to invest tional utilities conference in national

Barcelona organised Andersen Consulting.

The Spanish group has a Endesa, Spain's largest elec- strong presence in South tricity company, would represent about 21 per cent of Chile, Colombia and Argentina, but is also looking 2002 compared with 8.9 per where. It has not ruled out cent last year, chief execu- an investment in the US, where states such as California and Pennsylvania have started to open their mar-

kets to competition. Michael Reynolds, European director of National Power, the large UK genera-Endesa, RWE of Germany, Electrabel of Belgium, EdF \$2.6bn in international pro- of France and Imatran jects over the next five Volma of Finland would years, he told an interna- increasingly become inter-

NEWS DIGEST

PHARMACEUTICALS

Novartis shares tumble on flat sales figures

Shares in Novartis, Switzerland's biggest pharmaceutical company, fell sharply yesterday after flat first-quarter sales raised fears the company might not be able to achieve its expected growth of more than 20 per cent in net income in 1998. Novartis's overall sales were unchanged at SFr8.2bn (\$5.5bn) in the first quarter and registered a 3 per cent increase after adjusting for currency movements. However, underlying sales growth in the core pharmaceutical business was just 2 per cent and only 1 per cent in the agribusiness.

Novartis said the modest upward trend in pharmaceutical sales was due to an exceptional performance during the same period last year when drug sales rose 14 per cent in local currency terms. Total healthcare sales rose 3 per cent, to SFr4.5bn, with a 1 per cent drop in consumer health sales being offset by stronger performances in generics and Giba Vision, the two smallest parts of the group's healthcare port-

The sluggish first-quarter drug sales growth compared with a 12 per cent rise in underlying drug sales at Roche, its main Swiss rival, and strong sales figures at several leading US pharmaceutical companies. Novartis's shares, one of the star performers on the Swiss stock market last year, fell by SFr94 to SFr2,470, while Roche's non-voting certificates rose SFr65 to SFr15.350.

Novartis said the first-quarter sales had also been hurt by inventory reductions by customers in Brazil and Japan, comblied with imposed price cuts in Japan, which had led to a sales decline in both those countries. William Hall, Zurich

CREDIT LYONNAIS

Fears over aid package

Trading in shares of Credit Lyonnais, the French bank, was suspended yesterday after concerns that the European Com-mission would block a final state aid package drove the stock down 10 per cent, the maximum allowable

The shares were suspended "limit down" soon after the bourse opened, and resumed trading FFr42 lower at FFr590. They closed 4.27 per cent lower at FFr605. The turbulence followed reports on Monday that conditions imposed by the European Commission for approval of additional state aid for the bank had not been met.

There are fears that the EU and French government are having trouble reaching an agreement on the proposed state ald package. However, Dominique Strauss-Kahn, finance minister, said yesterday that "any suggestion of a bankruptcy for Crédit Lyonnais is obviously out of the question". Estimates for the ultimate cost to the French taxpayer range from FFr90bn to FFr190bn (\$15bn-\$31.5bn). Financial Staff

Russia

IFC buys 8% of Toribank

The international Finance Corporation yesterday made its first direct equity investment in Russia's banking sector, paying \$12.3m for an 8 per cent stake in Torlbank, the country's 22nd largest according to essets. The investment was part of a capital increase of \$40m which raised the value of the bank's equity to \$122m.

Toribanic's assets totalled \$810m at the end of 1997, it is one of Russia's most important government securities dealers and rouble clearing banks. Toribank is majority owned by str Russian trading companies. Charles Clover, Moscow

SOUTH AFRICA

BOE buys Norwich Holdings

South Africa's Board of Executors group, which announced plans three weeks ago to simplify its cross-shareholdings and become a focused financial group with a full range of services, said yesterday it was buying control of Norwich Holdlnos, the life assurer.

BOE's Orion Selections has bought 28 per cent of Norwich and has options to acquire a further 22.5 per cent before May 29. The shares were bought on the market and from institutions at not more than R12 each, BOE said, which values Norwich at about R3.4bn (\$673m). Victor Mallet, Johannesburg

CONTRACTS & TENDERS

effective competition in named Newco, have been

sion had ordered a detailed that permission is given.

merged firm could dominate Authority, still have anxi- new firm.

to be derailed.

Invest in Romania! Advertising release for sale of shares by direct negotiation

The STATE OWNERSHIP FUND, a Romanian public institution based in Bucharest, 6 Stavropoleos Street, sector 3, is offering for sale by direct negotiation according to the Government Urgency Ordinance no.88/1997 and the Government Decision no. 55/1998 a 84.686 % of the issued share capital of SIDERCA SA Company Cäärasi.

- ☐ Registered Office: Calárasi, Srr. Prelungirea București,nr. 162, jud Calárași.
 ☐ Fiscal Code: R1916090.
 ☐ Registration no. at Commercial Register Office: 1/51/8/1991.
 ☐ Issued stock capital, according to the latest records at the Commercial Register Office: 636.031.625 thousand, ROL.
 ☐ Turnover in 1997: 427.682,962 thousand, ROL.
 ☐ Losses in 1997: 7,087,414 thousand, ROL.
 ☐ Main scope of activity: manufacturing and trading of rerolled billets, heavy and medium profiles and heavy relivative.

Total number of shares at a nominal value of 25,000 ROL each: 25,441,265. The share ownership structure is as follows:

- 34,594 State Ownership Fund O Financial Investment Company Munic 14.523 O Share owners through mass privatization 0.082 O Shares assigned to the manager
- The offer price for the 84.686 % issued share capital, i.e. 21,545,248 shares is 45,850,442 USD.

The Company PRESENTATION FILE required for subscription to the offer may be obtained at the State Ownership Fund, BUSINESS CENTRE, OFFERS DIVISION of the International Relations Department, Bucuresti, Sr. STAVROPOLEOS, and, phone 04-01/3110495; 3123130; 3124231 and fax 04-01/3121841, daily between 8.00 and 16.00 hrs., at a price of 7.000 USD for foreign citizens or legal emities or ROL equivalent at National Bank exchange rate applicable on the PRESENTATION FILE purchase date for Romanium citizens and legal emities.

This sum has to be transferred in advance to the State Ownership Fund accounts; no. 25110.000.000.242.300.008 in USD at the Romanian Bank for Foreign Trade (BANCOREX) for foreign investors, or no. 251.100.980.900.224 in ROL, at the Romanian Bank for Development-Bucharest Branch (BRD-SMB) for Romanian investors.

The minimal environmental conditions accepted for SIDERCA Company SA are included in the company PRESENTATION FILE.

THE PRESENTATION FILE will be released on presentation of: ☐ a copy of the payment order for the presentation file;
☐ identity card (or passport for foreign citizens);
☐ certificate from the bidding company.

In order to participate in the negotiations, bidders are required to present evidence of putting at the Seller's disposal a guarantee of a participation i.e. 3,678,636 thousand ROL or 458,504 USD as follows: Romanian citizens or legal entities may pay cash to the State Ownership Pund, to account no. 25110,090,900,313 at the Romanian Bank for Development - Bucharest Branch (BRD-SMB); foreign citizens or legal entities may pay cash to the State Ownership Fund, to account no. 25110,000,000,242,300,008 in USD, at the Romanian Bank for Foreign Trade (BANCOREX); alternatively the bidders may instruct the bank where they hold their account to release an unconditional bank guarantee valid for 120 days.

Only bidders that prove they aquired the Presentation File may submit their PURCHASING OFFER.

Bidders should submit the PURCHASING OFFER and the documents stipulated by the Government Decision no.55/1998, article 27, published in the Official Gazette no.66/12.02.1998, to the State Ownership Fund, Offers Division at the above mentioned address, in a scaled envelope, prior to 22 May. 1998, 16.00 hrs. local time (from deadline for submission).

CONTRACTS & TENDERS

Invest in Romanial

Advertising release for sale of shares by direct negotiation

The STATE OWNERSHIP FUND, a Romanian public institution based in Bucharest, 6 Stavropoleos Street, sector 3, is offering for sale by direct negotiation according to the Government Urgency Ordinance no.88/1997 and the Government Decision no. 55/1998 a 99.57 % of the issued share capital of LAMDRO SA Company, Drobeta Turnn-Severin.

- ☐ Registered Office: Drobeta Turnu-Severin, Str. Portile de Fier, m.2, jud Mehedinți
 ☐ Fiscal Code: 1605671.
- Registration no. at Commercial Register Office: J25/133/1991.
- Issued stock capital, according to the latest records at the Commercial Registrer Office: 59,782,700 thousand, ROL.
 Tumover in 1997: 31,924,426 thousand, ROL.
- ☐ Net profit in 1997: 568,053 thousand, ROL.
- Main scope of activity: manufacturing and selling the steel finished rolled goods of medium and small size

Total number of shares at a nominal value of 25,000 ROL each: 2.391.308. The share ownership structure is as follows:

O State Ownership Fund 99.57 O Financial Investment Company Muntenia O Share owners through mass privatization 243

The offer price for the 99.57 % issued share capital, i.e. 2,381,629 shares is 15,336,692 USD.

The Company PRESENTATION FILE required for subscription to the offer may be obtained at the State Ownership Fund, BUSINESS CENTRE, OFFERS DIVISION of the International Relations Department, Bucaresti, Str. STAVROPOLEOS, nr.6, phone 04-01/3110495; 3123130; 3124231 and fax 04-01/3121841, daily between 8.00 and 16.00 hrs., at a price of 1,400 USD for foreign chizens or legal entities or ROL equivalent at National Bank exchange rate applicable on the PRESENTATION FILE patchase date for Romanian citizens and legal entities.

This sum has to be transferred in advance to the State Ownership Fund accounts; no. 25110.000.000.242.300.008 in USD at the Romanian Bank for Foreign Trade (BANCOREX) for foreign investors, or no. 251.100.980,900.224 in ROL, at the Romanian Bank for Development-Bucharest Branch

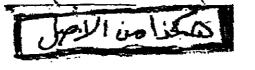
The minimal environmental conditions accepted for LAMDRO SA Company are included in the company PRESENTATION FILE.

THE PRESENTATION FILE will be released on presentation of: a copy of the payment order for the presentation file;
 dientity card (or passport for foreign cirizens);
 certificate from the bidding company.

In order to participate in the negotistions, bidders are required to present evidence of puring at the Seller's disposal a guarantee of a participation i.e. 3,501,240 thousand ROL or 459,503 USD as follows: Romanian citizens or legal entities may pay eash to the State Ownership Fund, to account no. 251,100,980,900,313 at the Romanian Bank for Development - Bucharest Branch (BRD-SMB); foreign citizens or legal entities may pay eash, to the State Ownership Fund, to account no. 251,100,000,000,242,300,008 in USD, at the Romanian Bank for Foreign Trade (BANCOREX); alternatively the bidders may instruct the bank where they hold their account to release an inconditional bank guarantee valid for 60 days.

Only bidders that prove they agained the Presentation File may submit their PURCHASING OFFER.

Bidders should submit the PURCHASING OFFER and the documents stipulated by the Government Decision no.55/1998, article 27, published in the Official Gazette no.66/12.02.1998, to the State Ownership Fund, Offers Division at the above mentioned address, in a sealed envelope, prior to 21 May, 1998, 16.00 lars, local time (from deadline for submission).



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FINANCIAL TIMES WEDNESDAY APRIL 22 1998

lovarius shares tumble it flat sales figures

Francisco del package

21:0378

In the first quarter of 1998, we advised on European mergers and acquisitions totalling USS 42 billion.*

Générale des Eaux SA

JS\$ 130.000,000

US\$ 13.000,000,000

Anjou Construction and Services Group) Sale of Company to Artemis Associates EM

Limited/UK North Sea Assets, Sale of Call Charle PATR North Sea operation

Aerospace Industries, Inc.

US\$ 180,000.000

Owens-Illinois, Inc.

packaging businesses of BTR

US\$ 3,600,000,000

US\$-2,950,000,000

US\$ 188,000,000

US\$ 158,000,000

Wandel & Gğitermann

Technologies, Inc.

ÚS 34.000,000

And we're just getting started.

SALOMON SMITH BARNEY

A Member of Travelers Group J

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Kimberly expects higher earnings

By Richard Waters in New York

Kimberly-Clark's expensive foray into Europe produced a 19.3 per cent fall in aftertax earnings during the first Europe, firmed \$1% yester- the same period in 1997. three months of this year, the US consumer products

company reported yesterday. The company added. though, that it expected earnings per share for the remainder of the year to the US and a recently North America.

announced restructuring heavily last month when the company first indicated the scale of its difficulties in day morning, or nearly 3 per

cent. to \$50%. Kimberly-Clark recently activities, putting the direction of its tissue and personal-care products on the Contwo executives whose remit operations fell to \$1.57bm, a per cent gain in volumes. had previously covered only

Results for Europe were The shares, which fell not disclosed separately, the year. though Wayne Saunders. chairman, said they were "substantially lower" than

The company has suffered from overcapacity in the tissue business, as well as the reorganised its European high costs of launching new disposable napples and feminine hygiene products. Revenues from the compa-

decline of 11 per cent, or 4

the effect of disposals during division, to \$213m, on the

reflected the strength of the dollar, the company said. Operating earnings in this

Rimberly-Clark's personal care businesses, meanwhile, registered a 5.4 per cent rise in revenues, to \$1.33bn, as foreign currency effects tinent under the control of ny's worldwide tissue erased a large part of the 10

cost of promoting new prod-That decline largely ucts in Europe, the effects of Asia's currency devaluations and lower nappy sales in North America.

Overall, the Dallas-based company reported net carnings of \$298m on sales of \$3.05bn, compared with \$369m on sales of \$3.34km a year before.

Dibuted earnings per share fell from 64 cents to 53 cents. just below the 54-58 cents It blamed a 15 per cent fall range the company had indiper cent after allowing for in operating earnings at the cated earlier.

hedging programme to report a 33 per cent increase in first-quarter profits yesterday. The strong results come in spite of the continued weakness of gold spot prices

Barrick

33% as

advances

costs fall

Barrick Gold, the Canadian

gold producer, reaped the

benefits of both falling oper-

ating costs and its forward

which averaged US\$295 dur-ing the first three months of "Production and cash operating costs were excelent in the first quarter at all our mines " said John Car rington, chief operating officer. "This is an outstanding start to the year. First-quar ter cash flow was in fact the second highest in Barrick's history, despite the current

gold price environment." Barrick's operating costs declined by 21 per cent, largely as a result of the more than doubled output of high-grade ore from its Meikle mine in Nevada. The mine produced 280,704 ounces at an average cost of \$72 an ounce, which makes it one of the lowest-cost gold

mines in the world. Analysts said Barrick has been extracting the highestquality ore from its Goldstrike property, and operat ing costs were expected to rise in the second half of the

Profits in the first quarter were US\$76m, up \$20m from the first quarter of 1997, on total revenues of \$305m, up from \$306m. Earnings per share were 20 cents, up from 15 cents in the same period last year and slightly above analysts' 19 cents estimata.

Barrick, the world's second largest gold producer, has protected itself against falling gold prices by the most aggressive forward hedging programme in the

The programme, which gave Barrick an average price of \$400 an ounce, generated \$79m in additional revenue over the first three mouths to the end of March. Over the next three years, ounce, allowing the company to sell its entire anticipated production at the

The programme and the company's high-grade reserves give Barrick an earnings potential unrivalled by other North American gold producers, said Todd Hinrichs, an analyst with ABN Amro Chicago. "Barrick has clearly been the big winner here in a time of low gold prices because they are the biggest hedger in North America for gold," he said. Barrick's share price rose CONGLOMERATES

Tyco advances 69% to \$276m in record quarter

NEWS DIGEST

Typo International, the highly acquisitive conglomerate, vestarday reported second-quarter earnings, before extraordinary Items, of 48 cents, marginally above analysts' expectations and 55 per cent up on the 31 cents reported for the same quarter last year.

Wall Street analysts polled by First Call, the research agency, were anticipating diluted earnings per share of 45 cents. in morning tracking, Tyco's share price rose \$13, or

Net income before extraordinary items increased 69 per cent to \$276.2m, compared with \$163m. Sales rose 22 per cent to \$2.85bn.

Dennis Kozlowski, chairman and chief executive, said the results were a record quarter for the company and demonstrated "the continued excellent performance of our core businesses and the success of the assimilation of recent acquisitions into our existing operations".

This week Tyco announced it was acquiring the Wells Fargo Narm business of Borg-Warner Security for \$425m cash. Wells Fargo Alarm, an electronic security services specialist, has revenues of approximately \$250m. William Lovis, New York

FOOD PROCESSING

Cargill falls 62%

Excess capacity in the food-processing industry and the stump in demand from Asia caused Cargill, the large Minnespolis-based agricultural and industrial products group, to report a 62 per cent fall in third-quarter earnings. The comparty, which is privately-owned but publishes brief quarterly tements, said it made \$125m in the quarter, down from \$249m in the same period a year earlier.

"Many of Cargill's businesses are inherently cyclical," said Robert Lumpkins, finance director. However, he added that the food sector's current excess capacity and the turmoil in ia had made "a challenging year even more difficult". Nildd Tait, Chlongo

METALS

Freeport hit by lower prices

Lower metals prices caused Freeport-McMoren Copper & Gold, the US-based group which had big copper-gold production activities in indonesia, to report a sharply-reduced first-quarter profit, at \$26.6m after tax, compared with \$62,5m a year earlier. The reduced result came in spite of Freeport's programme to reduce costs and boost production.

During the first quarter, PT Freeport Indonesis, which includes the huge Grasberg mine in Irlan Jaya and is the company's main mining unit, lifted sales of copper 13 per cent to 288,2m pounds, and gold sales 12 per cent to 419,000 cunces. The indonesian unit also achieved average unit cash production costs of 19 cents per pound, 39 per cent lower than in the first quarter of 1997. Nildd Tait

PANCANADIAN PETROLEUM

Hedging helps offset low prices

Hedging by PanCanadian Petroleum, the country's third larg est energy producer, helped offset the effect of low commodities prices, but its first-quarter profits fell 57 per cent. The company reported net income of C\$45m (U\$\$31,8m), or 18 cents a share, compared with C\$135m, or 54 cents, during the same period last year. Revenues for the guarter were down from C\$967m last year to C\$736m, Cash flow - an indicator of its ability to finance new projects - fell from C\$281m to C\$210m.

PanCanadian said its average realised oil price was C\$17.24 a barrel, of which an average C\$4,18 a barrel was due to its hedging plan. The company received an average price of C\$24.28 a berrel in the first quarter last year. Natural gas prices were also down in the first quarter, from C\$2.38 per thousand cu ft to C\$1.88.

Natural gas production rose 8 per cent to an average of 787m cu ft per day, while oil and gas liquids output rose 7 per cent to aimost 151,000 barrels a day. The company said It planned to increase natural gas production by 10 per cent

Weak prices hit Exxon and Amoco

ity Christophur Parkes in Los Angeles

Weak oil prices hit ing a trend which is expected to continue in other international energy groups' results due to be published in the next few

Exxon, based in Texas, said its profits from downstream operations rose \$64m to \$374m, helped soared 68 per cent, but that by lower costs of feedas not enough to offset the impact of the \$7 a barrel reduction in the average crude price which prevailed during the quarter. Net income dropped 13 per

cent to \$1.9bn, on revenues down from \$85.2bn to Earnings per share slid

11.5 per cent to 77 cents from 87 cents last time. Lee Raymond, group chairman, said the slowing

over-supply had reduced the average price of oil by 33 per However, sales of oil-based products increased in most nerts of the world, reaching

the highest levels since 1979.

Increased refining margins in Europe and better retail conditions in the UK lay behind a 67 per cent rise in first-quarter earnings at earnings from motor fuel Exxon and Amoco, establish-operations in non-US markets to \$496m.

in the US, where fuel prices are a constant topic of contentious debate, refining and marketing profits jumped 75 per cent to

\$100m. World chemicals profits

While Exxon's chemicals margins improved, Amoco reported falls in some categories because of imbalances between supply and demand, attributable to soft Asian markets and reased output from new

The Chicago-based group's earnings per share fell 41 per cent from 68 cents to 49 cants on revenues which fell Asian economies, mild 15 per cent to \$7.6bn for the winter weather and quarter. Total net income of \$356m.

compared with \$674m, was

boosted by a gain of \$43m

from the divertiture of North American exploration and production properties. Laurance



chairman, said the oil price decline cut upstream from the 33 per cent drop in earnings by \$300m - a crude prices to an average decline of 53 per cent - to \$13.80, natural gas prices Fuller, 1271m

While Amoco also suffered

Among divisions showing advances, Mr Fuller mentioned fabrics, also fell 65 cents to \$1.85 fibres and alpha-oletins.

PHARMACEUTICALS STRONG DOLLAR HAS LITTLE IMPACT ON EARNINGS GROWTH

Drugs companies reveal strong quarter

Three US-based drugs reported strong first-quarter earnings growth, in line with expectations, in spite of the negative impact on sales of the stronger dollar.

pharmaceuticals specialist same period a year ago. HKS, said the strength of the groups' earnings in the first quarter reflected the fact that they were currently enjoying considerable pricing flexibility.

cent in the first quarter. The reason is that managed care the phurmaceuticals compa-

Agenda

3.2

7.

9.

Minutes.

Call to order and opening.

nominal value of NLG 1.00.

Questions and adjournment.

Announcements.

place on 8 May, 1998 at the latest.

The Executive Board

50 Mariahoeveplein

The Hague, 22 April 1998

1998 financial year.

dividend for the 1997 financial year.

In the early 1990s, it was growing strength of the US managed care sector would drive down drug prices.

reported net income of Earnings per share were 91 cents, I cent above analysts' Call, the research agency.

Pharmaceuticals sales rose 14 per cent, or 17 per cent \$181m. In its beauty care List prices rose 3-6 per excluding foreign exchange. Sales of cholesterol-lowering Pravachol, the compa-(in the US) is in disarray and ny's biggest selling product, rose 19 per cent to \$444m. 114 per cent to \$129m.

AEGON N.V., registered in The Hague, The Netherlands Shareholders are hereby invited to attend the Annual General Meeting of Shareholders to be held at the AEGON headquarters, 50 Mariahoeveplein, The Hague, The Netherlands on Thursday, 14 May, 1998 at 2.30 p.m.

Annual Report, approval of the annual accounts and the final

Announcements regarding the results for the first quarter of the

Report to comply with Recommendation 29 of the Corporate

Resolution with regard to a reduction of capital by means of the

Aim and method of realization: Decrease of the issued share capital

by NLG 20,000,000.00 to be effected by the withdrawal of 20 million

preferred shares, to be repurchased by AEGON N.V., each with a

Designation and Authorization as referred to, respectively, in

Article 5, paragraphs 1 up to and including 4, and Article 4,

The agenda with explanations, the annual accounts and the 1997 Annual Report

with the data required by law, the Report as mentioned under Item 4

and copies of the proposal with regard to the Amendments to the

Articles of Incorporation and of the proposed Resolution mentioned under

Item 6, respectively, are deposited for inspection from this time until the

end of the Meeting at Bank Labouchere, London Branch, 14 Buckingham Street,

London WC2N 6DF and are available free of charge to any shareholder,

Holders of shares to bearer or their proxies shall be admitted to the Meeting

upon producing a voucher showing that their share certificates or their

mandator's share certificates, respectively, have been lodged in the United Kingdom at the above-mentioned Bank Labouchers. The proxy shall

produce his proxy statement. The lodging mentioned must have taken

Governance Committee Report dated 25 June, 1997.

Amendments to the Articles of Incorporation.

withdrawal of 20 million preferred shares.

Amendment to the 1983 Merger Agreement.

Vacancies in the Supervisory Board in 1999.

paragraph 16, of the Articles of Incorporation.

By Tracy Corrigan in New York nies are in the driver's seat." However, analysts said there Schering-Plough reported devices business), up 13 per the company has 10.1m was growing pressure in the net income of \$450m, up 20 cent. Earnings per share of ounces hedged at \$400 an cholesterol-lowering sector per cent from a year ago, to 98 cents were in line with companies yesterday widely expected that the as a result of increasing produce earnings per share analysis' estimates.

competition. In March, the US Food and Drug Administration cleared Bristol-Myers Squibb Pravachol for use in reducing the risk of a stroke in mai cholesterol levels.

> non-insulin dependent diabetes, grew 43 per cent to business, which includes Clairol, sales of Herbal Essences, now the number two shampoo in the US, rose

of 61 cents, also 20 per cent higher and 1 cent above analysts' estimates.

Pharmaceuticals sales rose 17 per cent in the quarter to drawal in the third quarter Hemant Shah, analyst at \$927m, up 14 per cent on the patients who have had a \$1.9bn or 21 per cent without charmaceuticals specialist same period a year ago. heart attack and have nor-the impact of foreign exchange. Sales of Claritin, Sales of Glucophage, the an anti-histamine, rose 25 estimates, according to First leading oral treatment of per cent, benefiting from an expanding market and increased market share, the

company said. American Home Products produced net income of restructuring charge, par-\$851m (excluding gains from the sale of its Sherwood-Davis & Geck medical

Pharmaconticals sales of \$2.26bn were up 4 per cent, on a pro forma basis. Sales were hit by the market withof Redux and Pondimin, the company's anti-obesity products, and currency effects.

The company initiated a review of its worldwide manufacturing and distribution systems, the results of which will be announced this year. It is expected to take a tially offsetting the gain on the sale of its medical

over the year to take advantage of new pipeline capacity coming on line in 1998. Soott Morrison, Toronto C\$1.70 to C\$32.85 in early Tenneco beats estimates with \$75m

By Mikki Tait in Chicago

Strong automotive original equipment sales growth in North America and Europe, coupled with a rebound in packaging division. caused Tenneco to outstrip analysts' estimates for the first quarter, and report prof- ing profits rose 11 per cent to its of \$75m after tax, up from \$58m in the same period a year earlier.

The results, which exclude a one-off gain taken in 1997, this reflected strong original translated into earnings per there of 44 cents, compared with 31 cents previously. Analysts' forecasts had

Call, the research company, and Tenneco shares jumped by \$1 i to \$46% on the news. The Tenneco result was scored on group sales of \$1.96bn, up from \$1.63bn in the first quarter of 1997. On

enne gain. The company said that equipment sales, notably in Europe where there was a 10 per cent advance on the back of higher sales to both everaged around the 42 cent- US/Japanese carmakers and

much smaller 3 per cent rev-

mark, according to First local companies such as This was driven by strong \$47.3m, compared with Volvo and Mercedes. It growth on the specialty admitted that the Asian and South American markets had been weak but said that Zip" food bags, and a turnits profits increased

"slightly" in both markets. Aftermarket sales, how-ever, remained weak, with the automotive side, operatrevenues in North America declining - although the company said this softness a record \$89m, despite a was partly offset by new business and some highervalue product sales.

On the packaging side, revenues were up by 24 per cent, at \$1.1bm, while operating profits jumped from \$42m a year ago, to \$108m.

packaging side, due partly to expansion of the "Hefty Oneround on the paperboard packaging division, from a \$7m loss to a \$34m profit. Tenneco said that it expected to see "continued income

Meenwhile, Lear Corporation, another big car component supplier making car seats and other interior items, also saw better-thanexpected profits in the first quarter - benefiting from good sales growth in Europe. After-tax profits reached

improvement" ahead.

\$41.9m in the first quarter of 1997, and earnings per share rose from 62 cents a share to 69 cents, beating forecasts by about 1 cent Lear said that sales for the

quarter were just over \$20n. up from \$1.72bn previously. with 80 per cent of that increase coming from outside the North American market

The increase in Europe alone was 50 per cent, taking sales to \$623m, while other Lear shares rose \$% to

regions saw sales expand by 24 per cent, to \$182.2m. \$56% in early trading.

New Zegland - Shares in Regional Airport For Sale

Shares held by the New Zealand Government in the companies that own and operate two strategic regional oxpacts are for each.

Retense Regional Airport Limited. Retense is New Zeoland's main truns destination in the central North Island. The Government starre, comprise 50% of the equity applied with the right of appointment of two of the loar directors. The remaining states are held by the load authority, the Retenue Digital Causali, The back volume of the total equity of the company is NZ \$3.8 authors.

Producerstom Novith Airport Librated, Pulmention North is an agriculture and education centre with international light services and a large colorment area in the southern North Island. The Government stones congrise 13.5% of the total equity capital, or 30% of the policy equity capital, with its night of appointment of one of the loar directors. The remaining shares are held by the local authority, the Palmention North City Council. The book value of the load equity of the company is NZSA6 million.

Expressions of interest in purchasing these possels of shows should be made by 4th May 1998 to:

Brent Wheeler & Co led PO Box 105-261, Auctional. Adension K Fogon. Phone (64 9) 302-3224. Fox (64 9) 302-3488. Einsel keryffhatra.co..ez

Brent Wheeler & Co Limited Economics & Investment Baskers

SWITTE ANK Sportanken Sverige AB (publ) US\$150,000,000 Undated Subordinated

Floating Rate Notes Notice is kereby given that the notes will bear tracrest at 7.53125% per censum from 22 April 1998 to 22 October 1998. Interest payable on 22 October 1998 will amount to US\$382.84 per US\$10,000 note. Agent: Morgan Guaranty Trust Company

PERSONAL

PUBLIC SPEAKING Training and speech willing by smant was and absence. Tet (01727 881133

THE THAILAND FUND International Depositary Receipts issued by

Morgan Genranty Trust Company of New York fatics of Estaterdinary Mostley

This notices in burstry given by the Manager and the Castedian of the Theliand Penel that an Estatorelismy Meeting of the Unishelden shall be hold on May 4, 1996, at 10:00 a.m., at the office of The Manual Pand Public Company Limited, Sind Pe. Lete Reject Building, No. 193-195 Ratebudgelistic Road, Khisang-Tany, Banglask, Theliand.

To agree we as some and the appointment of RPSC International Limited as the Revealment. Advisor to replace Margan Sandey Asset Management line, who has temphysical Second San'l Agreement with effect from April 1, 1998.

Consideration of the amendments so the Investment Contract to contraction with the

Investment Advisory Council

). Consideration of the introduction of phenoment for of 3% on top of NAV to be paid to ens who can final investors an subscribe the Units of the The 4 Other business (1 mg).

Vollag arrangements for IDR-Habbert IDR-Holders who wish to vote must follow the following procedure:
If the EDRs are held in an account with Euroclear and CEDRS, IDR-Holders frust contact
EUROCLEAR, or CEDEL, respecting them to block the IDRs in the IDR-Holder's account until conclusion of the mosting and specify the sunner in which the votes stally

If the DRs are not held through Eurociour or Codel, DR-Holders must country that their a use ourse we not not message instruction or Cools, EPR-thylores must exame that their voting instructions, together with either their EPRs or their beat is confirmation of deposed (including IPR; normal manders), reach the Depository at the latent at moon on April 30 at the address given below (numbers) Securities Depositors - eclophone 322 508 86 431.

Copies of the Annual Report we available from the Computery's registered office and the Percusury III the address and exted below. Margan Guernaty Trust Company of New York 35, Avenue des Aris, 1040 Brussels

JPMorgan

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COMPANIES & FINANCE: THE AMERICAS

TOBACCO MARLBORO MANUFACTURER CLAIMS MORE THAN HALF OF DOMESTIC CIGARETTE SALES

Philip Morris lifts US market share

By Richard Waters in New York

half of all cigarette sales in Street's expectations. the US for the first time, the company reported yesterday. for market share broke out This follows a marketing earlier this year when a proskirmish among tobacco groups, which has been partly spurred by the negotiations over an industry-wide settlement that would place

restrictions on advertising. The heavy promotional spending associated with the battle, however, dented profit margins in the domestic operation - the most ket shares through heavier

Philip Morris reported a 6 negotiated deal have

By John Arthers in New York

Sharp increases in fee

income from capital markets

and fund management

operations boosted first-

quarter earnings for a range

of US commercial banks dur-

ing the quarter, and counter-

acted tightening profit mar-

gins in their core lending

Merger-related charges

Chase Manhattan, the

largest US bank by assets

until various pending merg-

ers are completed, announced strongly improved results, well shead

of analysts' expectations.

Net income for the quarter

fell to \$725m from \$927m in

the year-ago period, but this

was due to a charge of \$320m

announced earlier to allow

for further streamlining of

the bank's operations in the

wake of the 1995 merger

between Chase and Chemi-

Total trading revenues,

than in the equivalent quar-

ter of 1997. Problems caused

by the Asian crisis meant

that Chase had made only

cal Banking.

and savings also affected

many banks.

per cent rise in after-tax retreated, however, follow-recent months, which helped ling 16 per cent over the passearnings for the first three ing an attempt by some law-drive revenues from the seven months. Philip Morris has more than \$1.87bn, in line with Wall

> The heightened struggle posed settlement of all litigation against tobacco companies in the US appeared to have a chance of finding its way into law.

the cigarette makers more incentive to boost their marprofitable part of the busi- marketing while they still could. The chances for a

US benk and foret results

only by 9 per cent. Credit

card revenues rose 17 per

cent to \$931m, following the

acquisition of a credit card

portfolio from the Bank of

The market reacted far

more positively to the news

from Chase than to any of

the other banks which

announced figures yester-

day, and in early trading the

stock was up 3.4 per cent, or

The trend for increasing

trading earnings, while leav-

ing income from lending rel-

banks which also reported

Wells Fargo, the San Fran-

cisco-based bank whose hos-

recent years, announced

their earnings yesterday.

New York

344. to \$139%.

from investment: banking cessful bank merger of \$517.6m.

which are arratic, were atively flat, was duplicated

\$713m, 23 per cent higher 'at a range of large regional

\$127m in trading revenues tile takeover of Los Angeles-

last year. It also more than early 1996 is generally

doubled the fees it earned regarded as the least suc-

Banc One

Chase Menhatian

ant rooms

725.0

196.3

Earnings from US con- results ahead of the consen-

sumer banking also rose, but sus of analysts' forecasts.

months of this year, to makers to impose far stiffer domestic tobacco business industry.

advance was due to gains by its leading brand, Mariboro, which had already been stealing share from rival premium cigarettes. The brand added a further 2.6 percentage points of market share That settlement would during the quarter, leaving have limited tobacco adver- it with a record \$5.9 per cent 4.7 per cent. tising in the future, giving of the US market, according to Philip Morris. Overall, the company's market share rose 1.9 percentage points to

50.4 per cent. These gains came despite

927.8

Net income, at \$315m, was 7

per cent below the \$39m

recorded for the equivalent

Its efficiency ratio,

expressing total administra-

tive costs as a proportion of

revenues, improved over the

year from 60.8 per cent to

58.9 per cent, and credit

quality was better than

However, its assets remain

10 per cent below their level

of a year ago, down from

\$205.4bm to \$95.2bm. Average

deposits fell from \$77.6bm to

·Banc One, the Ohio-based

tunk which announced its

acquisition of First Chicago

\$29.5bn.

NBD last week in a stock

announced profits directly in

tations, up 36 per cent over

the year from \$381.9m to

\$69.8bn.

swap worth

quarter of lest year.

900.8

-21.3

486

-7.0

145.8

penalties on the tobacco up 13.7 per cent to \$3.3hn, non-US tobacco operations, despite a volume increase of reflected different dynamics Philip Morris' latest only 21 per cent.

Higher marketing costs cut the operating profit margin in the domestic tobacco fall of nearly 3 percentage points. Operating profits from this part of the bustness were \$1_13bn, a rise of

The market certainly looks excellent" for the big tobacco companies, said Jack Cunningham, an analyst at Salomon Brothers Asset Management, with

12 per cent to \$2.14bn, while

non-interest income was up

Benk, which has made sev-

eral acquisitions of fund

management and securities

processing businesses in

income by 13 per cent over

the year to \$231m from

down from \$373m to \$367m,

but fee revenue increased 30

\$162m at \$608m.

Pittsburgh-based Mellon

32 per cent to \$785m.

Philip Morris' larger during the quarter.

The impact of a jump in volumes of almost 5 per cent was reduced by adverse curoperation to 34 per cent, a rency movements, leaving revenues at \$7.35bn, a rise of 4.9 per cent. However, oper ating profit margins rose to 19.4 per cent, a gain of more

than one percentage point. Overall, the company reported a 7 per cent increase in diluted earnings per share, to 77 cents. Its figures were affected by pre-tax costs of \$95m due to an early

Higher fee income benefits banks catching up quickly. "Although internet enter-

income, against the trend, by \$9.74bn acquisition H. F. Ahmanson, the second largest, announced a 43 per cent increase in earnings over the year to \$179.8m. It was aided by heavy cost savings in the wake of its acquisition of Great Western, a California-based thrift business.

recent years, also recorded for which Ahmans powerful results, raising net made a hostile bid. Its efficiency ratio increased from 56.54 to 47.15 DEL CENT Despite the results, most

for which Ahmanson had

of the regional banks had a poor morning on the market. \$59g, and Wells Fargo, now Washington Mutual, the widely rumoured to be an nation's largest thrift which acquisition target, alipped back up". It increased interest last month announced a \$5\frac{1}{2} to \$376\frac{1}{2}.

The following financial arrangements have been made in connection with the acquisition of Eagle-Picher Industries, Inc. by

European companies intranets

By Paul Taylor

European companies are rapidly adapting their corporate intranets - private networks based upon internet technologies - to run "mission critical" business applications, Jim Barksdale, Netscape Communication chief executive, said yester-

day. Mr Barksdale, in London to launch the results of an International Data Corporation survey of corporate attitudes towards intranets, said that after lagging behind their US counterparts, European companies were now

prise products took off more slowly in Europe, companies have now absolutely caught on to the opportunities of internet commerce," he said. "The study shows that today, within the major countries of Europe, about 60 per cent of them are actively either building or getting ready to build intranets and extranets. If you go back a year it was probably less than half that"

The IDC study, based upon 250 interviews in France, UK and Germany, suggests that first-generation intranets which are currently mostly used for internal communications will be rapidly enhanced to run important business software - particularly customer care and electronic commerce.

The survey results were welcomed by Mr Barksdale who, after fighting a bitter battle with Microsoft for control of the browser software market, has repositioned Netscape to focus on the enterprise business market and the Netscape web site

Enterprise software repre sents the bulk of Netscape's revenues, although Mr Barksdale said he believed the web site business would continue to grow more

Meanwhile, he said that away its Navigator browser software, its market share had "stabilised and is going

Nortel beats catch on to expectations

By Scutt Marrison

Continued strong growth in sales at Broadband rose 29 wireless and data networking technology enabled Northern Telecom, the Canadian telecommunications equipment manufacturer, to post a first-quarter operating profit of US\$141m, or 27 cents a share.

The results exceeded ana-

lysts' expectations of 25 cents a share and compared with net earnings of US\$108m, or 21 cents a share, during the same period last year, including a write-down that reflected its C\$593m (US\$416m) acquisition of Broadband Networks last year, the company reported a net loss for the quarter of US\$63m, or 12

cents a share. John Roth, chief executive. said Northern Telecom would write down the in-process research and development expense for Broadband over the next four quarters. The company's US\$290m acquisition of Aptis, a US internet equipment manufacturer, would be written down in similar fashion, probably starting in the third quarter, Mr Roth

Analysts were encouraged that research and development expenses increased US\$100m to US\$575m, or 16.4 per cent of revenue, as the company moves to meet demand for data networks equipment that has been

Northern Telecom, which

is 51.7 per cent owned by

BCE, said revenues from

per cent in the quarter.

while wireless networks rev-

ennes were up 20 per cent.

The two divisions

accounted for almost 50 per

cent of first-quarter sales.

which rose 5 per cent overall

to US\$3.5bn. Sales revenues

for data and multimedia

communications equipment

increased 29 per cent to

growth of the internet. Mr Roth has shifted the company's focus from voice betwork equipment to equip ment for reliable and secure data networks.

generated by the explosive

Sales in Europe rose 15 per cent in the first quarter and 5 per cent overall. Sales in marily due to strong demand

ln China. At mid-session yesterday, Northern Telecom's shares were down C\$2.60 at C\$92.80.

Symbol in \$800m offer for Telxon

By Christopher Price to San Francisco

Telxon Corporation, the US wireless and mobile information system manufacturer, yesterday confirmed it had received a takeover Telxon also has a strong approach from its larger retail presence with its competitor, Symbol Technol-

The offer, which analysts said was likely to value ing. Telxon at around \$800m, was being raviewed by the

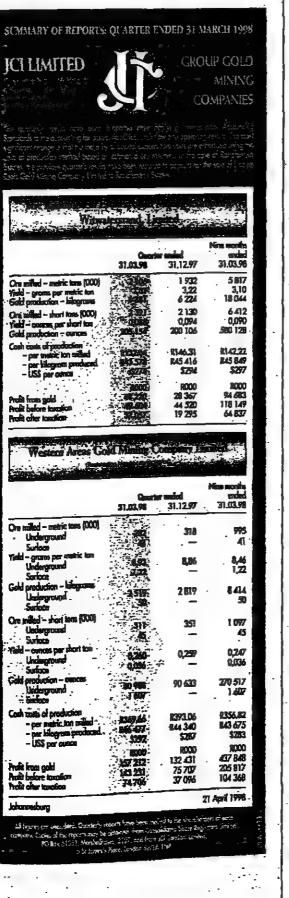
Telxon shares rose 21 per on Nasdaq. Symbol shares were up 3 per cent to \$374.

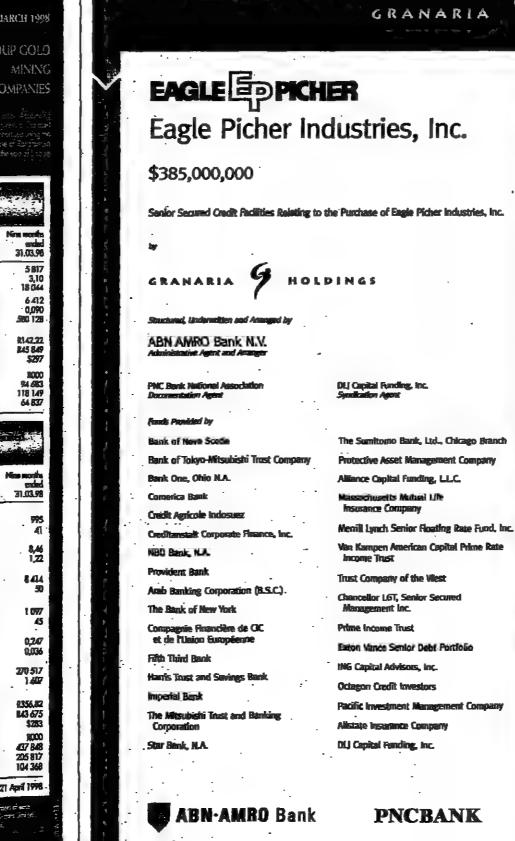
which enable the gathering of data and communication of information. Symbol is best known for its bar-scanning systems

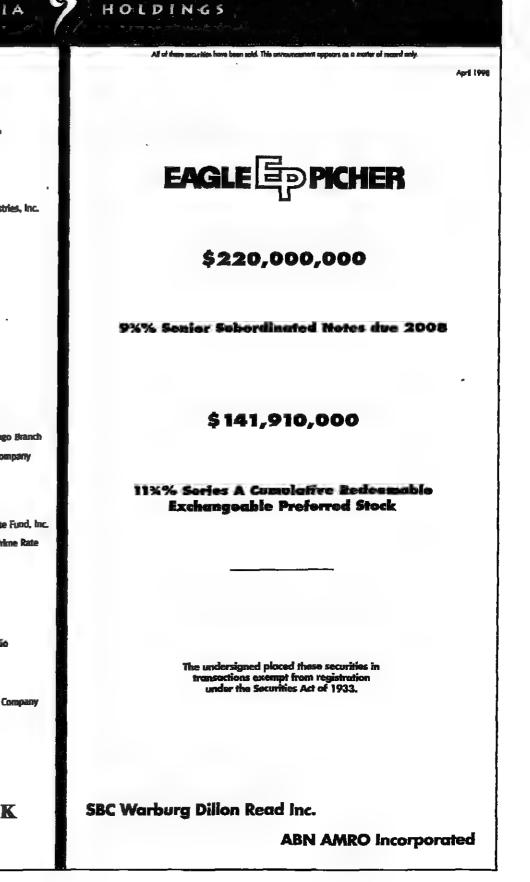
of computer-based systems

used in the retail market. range of products, which include mobile computers for logistics and warehous-In its last results, Telxon

reported nine-month revenues of \$332m and net income of \$8.3m, or 52 cents revenues of \$344m and losses of \$7.4m. Neither Telxon, nor Both companies are Symbol were available for involved in the manufacture comment.







Boardroom shake-up at San Miguel

By Justin Marozzi in Manila

ownership dispute took sequestered it on the another twist yesterday grounds it had been frauduwhen Eduardo Cojuangco, a business associate of the late president Ferdinand Marcos. voted 20 per cent of the angco was entitled to vote 20 group's shares for the first per cent of the shares. As time in seven years, installing three new directors on bad boy's back in town." the board of the Phillipines food and beverage group.

Mr Coluangco, who has been the Presidential Commission

Miguel's bitter Aquino administration lently acquired.

On Monday, the anti-graft court ruled that Mr Cojuone stockbroker put it: "The

At yesterday's annual shareholders meeting, Mag-The move is a triumph for tanggol Gunigundo, head of fighting for control of a 48 on Good Government, the

per cent stake in San Miguel body tasked with recovering since 1986, when the Cori assets illegally acquired of Mr Cojuangco's lawyers, under the Marcos regime, unsuccessfully challenged the court's ruling, arguing board of 15, joined by Manhe had not received the writ uel Cojuangeo, Mr Cojupreventing the PCGG from angco's brother. Managevoting the shares.

> brilliant lawyers heading five directors, with the govgovernment agencies in this country are suddenly struck by lightning and are so sudone of the lawyers represent-

Espelito Mendoza another and Mr Villareal were both elected to San Miguel's ment increased its "I'm amazed that such representation from four to

from 11 to seven. Analysts believe the board denly ignorant of the fact, changes may represent the thundered Gabriel Villareal, first move to unseat Andres Soriano, chairman and chief executive since 1986.

new president on May 11. If directors. However, he Joseph Estrada, the populist described 1997 as "one of the vice-president who is close most difficult years ever" for to Mr Cojuangco, is elected, the company. he may appoint PCGG nomi-

takeover target after the ernment's share declining election, following acquisition moves this year by First Pacific, the Hong Kongbased conglomerate.

foresee any change in strat-

The country votes for a egy with the three new

Net income slumped 51 per nees more sympathetic to cent from 6.1bn pesos to the former Marcos associate. 2.9bn pesos (\$76m) after for-Analysts also believe the eign exchange losses, lower group may re-emerge as a beer prices, higher financing costs and aggressive marketing in China.

"When I look at this company, what I see is the Titanic," said the head of Mr Soriano said he did not research at a local broker-

Outlook

mixed for

Japanese

retailers

by Belley Hotten in Tripp

Profits fell last year at three

Japanese department stores, but some accompanied yes-

terday's results with fore-

casts an improvement for

the current financial year.

est department store opera-

tor, said group net profits fell 11.1 per cent to Y8.28bn

(\$63m) over the year to February 28, while pre-tax prof-

its fell 28 per cent to

Y16.67bn, on sales steady at

Operating profits plunged 80 per cent to Y20,34bn.

Parent-only figures showed

an 18.4 per cent drop in net

profits to Y6.4hn, and a 26 per cent decline in pre-tax

Takashimaya said it expec

ted difficult retailing condi-

tions to continue, predicting

further falls in both parent

and group profits for the cur-

upmarket Nagoya-based

department store operator,

fell into a net loss of

Y9.57bn, in line with its pre-

dictions, but said it expected

to return to profit this year.

The previous year's net profit was Y232nn, the com-

pany said it expected a net

Pre-tax profits for the year

ending February 28 fell from Y5.51bn to Y2.29bn, while

Matsuzakaya,

profit to Y11.74hn.

rent year.

rent year.

Y1 24hn

Takashimaya, Japan's old-

Baoshan steels itself for Asian turmoil aftershocks

China's steelmakers are facing cut-price imports and slowing domestic demand, write James Harding and John Ridding

South Korea and a surge in cut-price imports from elsewhere in Asia threatens to sink 1998 profits at Baosteel, one of China's largest and historically most profitable steelmakers.

The company, formally known as Baoshan Iron and Steel, saw profits slide 37 per cent last year as slowing domestic demand conspired with growing oversupply to depress prices.

This year, Baosteel's exports to Korea, which previously accounted for nearly half the company's oversess sales, have fallen to zero. At the same time, steelmakers from Korea and Japan have started selling cheap steel on the Chinese market, forcing prices down.

the devaluation of currento export more. The Chinese ruptcy".
market is their chief focus." Howev

products have fallen 20 per teel's stocks bave risen, Ms a decision. Xie says. "Their prices will

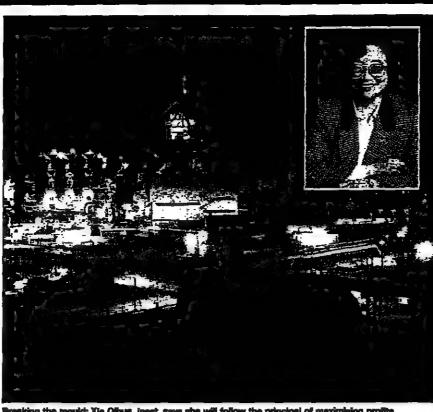
be collapse of exports to come down further and Baosteel will have to follow their lead. Baosteel's profits will be affected.

"Even with the currency devaluation, the raw material is still imported from other countries, so the deval-uation should only affect local costs.

Nearly 40 per cent of Beosteel's exports have tended to go to Korea, but this year. Ms Xie says, the country's buyers have been unable to pay and "we have had no exports to Korea at all". in 1997. Baosteel earned \$830m from overseas sales, part of overall turnover Yn29.3bn (\$3.5bn). This compares with turnover of Yn48.4bn the year before. Profits last year were Yn2.2bn, compared with Yn3.5bn in 1996.

Xie Qihua, president of Ms Xie acknowledges that Baosteel, says: "Following the Asian crists offers strategic opportunities. Baosteel cles in Asia, particularly in has been invited to take Korea, prices have fallen stakes in some troubled Korvery fast . . . Because of their ean steelmakers, and Ms Xie [Korea's] economic situation notes that "some of the Japaand the collapse of their ness steel mills in Thailand domestic markets, they want are on the brink of bank-

The prices of some steel Baosteel will wait until



Breaking the mould: Xie Olives, inset, says she will follow the principal of maximising profits

pany are exacerbated by the or 8 per cent of national out- absorb the lossmaking weakness in the domestic market, where users of steel, such as carmakers and white goods manufacturers, have been slashing prices to whet

consumer appetites,
"In the domestic market, in the first quarter, prices have fallen a further 10-15 per cent since the first quarter of 1997. Downstream people have been cutting prices," she says.

evertheless, the comit can see things a little capacity. Baosteel, based maker. The government has adds: "If the mercer does not cent in a year, and Baos- more clearly before making outside Shanghai, expects to been the driving force happen, Shanghai Metallur-The pressures on the com- year, up from 8.87m tonnes - the profitable Baosteel will anyway."

put – in 1997.

Baosteel is also borrowing to invest in further technological upgrades and extra last year, from 16,500 to output. The company 9,800. Beijing has set a target recently borrowed Yn10.2bm of cutting the number of from China's banks and, having postponed plans for a Yankee bond issue last year.

hopes to issue bonds in 1998. The tough market conditions in China look likely to slow - or even derail - the progress of Baosteel's statesanctioned merger with Shanghai Metallurgical Vexpand production Holding, a state-owned steel- Beijing's target in mind, she produce 10m tonnes this behind the merger, hoping gical will have to downsize

Shanghai Metallurgical and its 120,000 strong workforce. Baosteel trimmed its staff people working in the steel sector by 700,000 - or 23 per cent - by 2000.

Ms Xie will not be drawn on the likelthood of the potentially burdensome merger. However, she insists: "What we do will follow the principle of the max-

which gave foreign investors

one of their first opportuni-

ties to access the tightly reg-

plated mainland banking

sector, sant the share price

On June 18, the share

sales slipped 8.1 per cent to HONG KONG DIRECTORS RETURN AWARDS MADE AFTER 'UNINTENT!ONAL BREACH' OF STOCK EXCHANGE RULES

Daimaru, an Osaka-based department store chain, said its net profits were down 11.6 per cent to Y2.14bn, with pre-tax profits down 16.5 per cent to Y4.10bn. Sales slipped 0.6 per cent to Y504.77bn. Daimaru warned that the situation would worsen in the current year, and predicted further declines in sales and profits

Meanwhile Sogo, another department Store operator. bucked the trend with an increase in profits over the year to February 28, and a forecast of more growth this

However, the improvement is from a low base, a Sogo's net profit slumped from Y5bn to Y41m over the year to February 1997, before rebounding to Y565m for 1998. Sales continued to fall, losing 5.4 per cent to Y166.7bn, while pre-tax profits grew 41 per cent to

NEWS DIGEST

TELECOMMUNICATIONS

China Telecom to buy 1.6% stake in Globalstar

China Telecom, the Hong Kong-listed arm of China's ministry of information industry, is to buy a 1.6 per cent stake in Globalstar Telecommunications, the US company building a worldwide satelite-based mobile telephone system.

Under the deal, China Telecom and ChinaSat, another subsidiary of the ministry, will retain the sole rights to provide Globalstar services in China. The holding will cost China Talecom \$37.5m, the price of the stake at the start of negotiations two years ago and a significant discount on its current value

The US tie-up comes ahead of China Telecom's expected acquisition of the cellular network in Jlangsu province, one of the mainland's biggest and currently owned by the ministry. Globalstar said its tie-up would further its China ambitions. "The addition of China Telecom as a full partner solidifies Globalstar's commitment to bringing the promise of mobile satellite communications to China's 1.2bn people," said Bernard Schwartz, chairman and chief executive of Globalstar. Mr

Globalstar's largest equity owner.

Duncan Clark, managing director of BD Associates, a telecome consultancy in Shanghai, said that China Telecoms'
state in Globalstar was more likely to be a way of cementing
ties with a global satellite company than an indication of a

Schwartz is also head of Loral Space and Communications,

new strategic direction.

For Globalstar, the deal was crucial. Including China, Globalstar now has service provider agreements in more than 100 countries, covering 85 per cent of its business plan. The company expects to serve more than 200,000 subscribers in China by 2002.

James Kynge, Belling, and Louise Lucse, Hong Kong

INVESTMENT

ANZ arm to launch Asian fund

The emerging markets arm of ANZ, the investment bank, is to launch an Asian Recovery Fund as a sign of confidence in the region hit by market turmoil last year. Mark Coombs, manag-ing director of ANZ Emerging Markets Fund management. said the fund was the first to be launched with aims to invest in a broad range of asset classes including debt, currencies, interest rates and equities.

He added that clients, typically large institutional investors, had asked for more opportunities to invest in the region in recent weeks. With a minimum investment of \$25,000, the fund aims to attract between \$100m and \$500m.

The fund, which is positive on Kores and China but belie south-sest Asia could prove more voisitie, is to be isunched tomorrow with a closing date of May 21. Jane Mertinson

First quarter shows sharp falls

Corporate Chine continued to underwhelm international investors yesterday, as more companies contributed to Shanghai's disappointing results season with sharp falls in 1997 profits. Shanghai Dejlang Group, one of China's biggest producers of feedgrain, saw profits tumble by more than 70 per cent lest year, because of week domestic demand, a price war and a slump in exports. Dallang's net profits slipped from Yn118.7m in 1996 to Yn25.9m (\$3.1m) last year after cuts in the price of

feedgrain wiped Yn100m off income. peny, reported a 44 per cent slide in profits, as higher production costs ate into a modest increase in turnover. Under international accounting standards, the company achieved net profits of Yn70.8m in 1997, compared with Yn126.7m the pre-

vious year, on sales of Yn1.57bn, against Yn1.05bn. Profits also plunged at Shanghal Lujiazui Finance and Trade Zone Development, which manages property at the heart of the planned international financial centre in Shanghai. Lujiazul reported profits down nearly 45 per cent to Yn328m in 1997. The company biamed the fall on the collapse of Shanghal's property market, where rents have slumped after a glut brought on by an orgy of construction in the past few years. James Harding, Shanghal

THAILAND

Thai Farmers slumps 95%

That Farmers Bank, Thalland's third largest commercial bank, said yesterday its net profit in the first quarter declined 95 per cent to Bt133m (\$3.4m). Earnings per share fell from Bt3.31 to

The bank did not give any explanation for the decline. Anslysts said it was probably following the same strategy of other That banks in making high provisions for non-performing loans, it recently rais ed \$857m in new capital, much of which has been earmarked for provisions in the second quarter.

High provisions are expected to lead many other Thair banks to report losses in the first quarter. One small bank, Nakomithon, said yesterday it lost 8t513m in the first quarter, compared with a net profit of Bt104m last year. Learn Thong Bank, Thailand's smallest bank, said yesterday it lost Bt665m in the first quarter, compared with a profit of Bt41.6m last year. Ted Bardacke, Bangkok

By Louise Lucas in Hung Kong

Directors of China Everbright, one of the listed companies under the acquisltive business arm of China's State Council, have surrendered share options awarded just before a big mainland acquisition last year.

The acquisition prompted the share options were

Describing the award of

tors who had gained from share price movements. the share options would return their net profits to said greater comfort would the company. All outstanding and

unexercised options granted voluntarily surrendered, it

would be comforted by the move, as it showed that a 40 per cent rise in the Hong Kong regulators did share price two days after not balk at reprimanding "red chips", or mainland-

Schlumberger

SCHLUMBERGER 1998 FIRST QUARTER EARNINGS

New York, April 20 - Schlumberger Limited reported today that 1998 first quarter net income of

\$351 million and diluted earnings per share of \$0.68, were 35% and 33% higher, respectively, than

Oilfield Services revenue increased 20%, while rig count rose 9%. Drilling, wireline and testing

Measurement & Systems revenue grew 7%. Strong growth at Automated Test Equipment (ATE)

and Smart Cards & Terminals was offset by the decline in Metering activities, particularly in

Chairman and Chief Executive Officer Eura Baird commented; "During the quarter, far-reaching

changes were made in all three business groups to create new global solutions organisations,

distinct from products and services. These new organisations will allow us more effective local

deployment of the full range of Schlumberger services. The service alliance signed on March 24

with the Russian oil company, YUKSI, which gives us significant access to the huge Russian oil

At the April meeting of the Schlumberger Limited Board of Directors, Victor E Grijalva was

elected vice chairman of Schlumberger Limited. In addition to his current responsibilities as head

of Oilfield Services, he will be in charge of communications and promote the extensive use of the

Financial Summary - First Quarter

\$ 2 800 134 000

\$ 350 732 000

498 272 521

\$0,70

\$ 0.68

"Performed by Schlumberger" brand to reinforce the strengths of the new organisation.

Average Shares Outstanding Assuming Dilution | 518 444 478

1997 restated for two-for-one stock split on June 2, 1997.

the same period last year. Operating revenue of \$2.8 billion was 17% above first quarter 1997.

services contributed strongly to the results. Operating income grew 31%.

Europe and Asia, and by unfavourable currency exchange rates.

service market, illustrates the power of the solutions approach."

Operating revenue

Basic Earnings Per Share

Diluted Earnings Per Share '

Average Shares Outstanding 1

Net income

options last June as an flurry of attention last year "unintentional breach" of around the time of the handthe Hong Kong Stock over of Hong Kong, and reg-Exchange's listing rules, ulators launched a series of China Everbright said direc- investigations into sharp an agreement to buy a 20 per

Red chips attracted a

However, other analysts have been drawn if the stock exchange had taken tougher

action against the directors

for such a clear flaunting of

China Everbright options surrendered

China Everbright said the Analysts said investors stock exchange had confirmed no further action would be taken against the directors in view of the

remailal measures. The company said yesterday that share options covering 50.15m shares - representing nearly 6 per cent of the issued share capital at that time - were granted one day before the group sealed

<u> 1996</u>

\$ 0.53

\$0.51

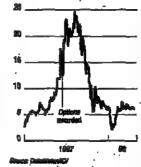
\$ 2 402 060 000

\$ 259 943 000

493 425 550

509 218 459

China Everixigist



cent stake in Everbright Bank of China. News of the acquisition,

PETROFINA

price of China Everbright (then called China Everbright IHD-Pacific) rose almost 40 per cent. In a statement to the Hong Kong Stock Exchange, Wang

Soaring.

Taoguang, a director of China Everbright, said the surrendering of the relevant share options and gains made on the exercising of them "have ensured that no director has personally benefited from the granting of such options".

0

Shareholders are invited to attend the ANNUAL MEETING in Brussels, at 52 rue de l'Industrie, on MAY 8, 1998, at 3 p.m. (Brussels time): (1) Report of the Board on 1997. (2) Auditor's report on 1997, (3) Annual accounts for 1997. Board's proposal to approve these accounts. (4) Allocation of profits. Board's proposal to distribute a gross dividend of 460 BEF per share. (5) Discharge of Directors. Board's proposal to grant a discharge to the Directors for the performance of their duties in 1997. Discharge of Auditors. Board's proposal to grant a discharge to the Auditors for the performance of their duties in 1997. (7) Board's proposal to re-elect Baron Frère and Messrs Cornélis, Delcommune, Boël, Calvet and Desmarais, Jr. as Director for 3 years. Board's proposal to elect for three years as auditor "Deloitte & Touche" represented by Mr. Denayer. (8) Proposal to fix the remuneration of the Auditor in accordance with the amount proposed by the Board and agreed by the Auditor. (9) Any other business. At 2.50 p.m., a film about PetroFina in 1997 will be shown. The bearer shares may be deposited until and included May 4, 1998 at BBL O GB O CGER-Banque O Kredjetbank □ Banque Artesia □ Banque Nationale de Paris □ Crédit du Nord 🗆 Banque Int. Luxembourg 🗅 Banque Gén. Luxembourg @ Commerzbank @ Deutsche Bank @ Dresdner Bank 🗅 ABN-Amro Bank 🗅 Crédit Suisse 🗅 Société de Banque Suisse o Union de Banques Suisses o Credito Italiano a Bardays Bank (Throgmorton St., London) d Citibank N.A. (ADR Department) USA. The annual report is there also available. The Board of Directors

PetroFina S.A. 52 rue de l'Industrie - B-1040 Bruxelles

Chemical Banking Corporation (Now Chase Menhatia

U.S. \$100,000,000 Subordinated Floating Flate Notes Due 2005 accordance with the provision

given that for the interest perio from April 22, 1998 to October 22 1996 the Notes carry an interestate of 5.65625% per armusa. The interest payable on the relevant interest payment date, October 22, 1998 against coupon no. 11 will be U.S. \$287.53 per U.S. \$10,000 note and U.S. \$2,675.26 per U.S. \$100,000 note. By: The Clusse Manhathan Back

NATEXIS BANQUE (CE CREDIT NATIONAL) FRF 690 900 000 3.40% BONDS DUE 2003 Common Code : 3651345 Sicovan Code : 14762 According to the terms and neithous of the Boards, notice is roby given that 722 supplements Bonds have been created upon exchange against Coupons on account of payment of interest.

New total anninal automs outstanding as of : 29/04/98 : FRF 935 100 000 THE PRINCIPAL PAYENG AGENT SOCIETE GENERALE BANK & TREET SA. LINKSHOUR U-13. Avenue Emile Rester L-1028 LUXEMBOURG L-1028 LUXEMBOURG

Notice to holders Witan Investment Company plc (the "Company") (registered in England No. 101625)

61/1/2 Exchangeable Bonds due 2008

(Reterences in this notice to (i) "Conditions" are to the terms and conditions of the Bonds, and (ii) "Exchange Property", "Exchange Rights", "Bearer Bonds" and "Registered Bonds" are to those terms as defined in the Conditions.)

NOTICE IS HEPLEBY GIVEN pursuant to Chause 9.14 of the Trust Deed do August 20, 1993 between the Company and The Law Debenture Trust Coporation p.Le. constituting the Bonds and Condition 9(1) that as a result of the Company's election in the reconstitution of Henderson Greenties Investment Trust pic (Greenties) the Company's holding of sharest Greenties (formerly part of the Exchange Property) has, with effect from April 17, 1998, bean replaced by units in the Henderson Global Bond Fund and digits to receive any cosh amount that may be distributed to the Company by the fouldators of Greentifar (now all part of the Buchange Property).

On exercise of Exchange Rights or on an exchange pursuant to Condition 8(a) ("Exchange"), holders of Bearer Bonds are currently entitled endlor obliged (as the case may be) to have the redemption amount applied on their behalf in acquiring a part of the Exchange Property as described in the

Bond denomination Henderson Electric Lowland Henderson Global

		Investment Trust pic ordinary shares	Company pic ordinary strange	Bond Fund units
l	21,000	WZ7778	90,6667	986,4139
l	£10,000	1,777.7778	906.6667	9,604,1302
I	£100,000	17.77.777B	9,066.6657	96,041,3920
	principal amount sequiting 1727776 Investment Trust Company pic and	platered Sonds are cum have the redemption of such Registered 8 ordinary shares in plc, 90.6667 ordinar 960.4139 units in the Hi dis as at March 30, 19	amount arising Bonds applied Henderson Ge y shares in Lo enderson Giobal	on each 21,000 i on their behelf i ctric and Genera wising investmen Bond Pund

to receive a pro rate share of any cash amount distributed to the Company by

PRINCIPAL PAYING AND EXCHANGE AGENT The Chase Menhattan Benk 125 London WML, Limdon 6C2Y EAL

OCHASE



House the training with the

mere bir der South State of the The State of 15 A 15 A 150 कार के जाता है कि सुरक्षित है। ा गान्द्र प्रश्ता वैद्यन

A. E. 2212 **海袋性病** THE YEAR PROPERTY. 🕂 i sart út

LE LONDONNE, YEAR IN

Thina Telecom to buy .6% stake in Globalsta

AND THE STREET, STREET

Looks like an interesting family.



RWE has been using its financial resources and expertise to build a first class portfolio of subsidiaries that promises continued solid performance in the future: $\mathcal{F}^{(1)} \cong \mathcal{F}^{(2)}$

Our family of companies is well worth looking at. It includes such well known names as Heidelberg, a market leader in high-tech printing systems, HOCHTIEF, a major international force in airport construction and management, and CONDEA, which ranks among the foremost producers of base chemicals for detergents and cosmetics worldwide. As Europe's largest private energy company, RWE Energie is already well positioned for the newly liberalized energy market. But that's only part of our corporate story.

Carefully shaping our portfollo, we are focusing on companies that are among the leaders in their respective fields. We are also investing in future-oriented technologies such as telecommunications, another area in which RWE stands to benefit from European liberalization. Our portfolio is solid and dynamic.

Portfolio optimization is only one way in which we are enhancing RWE's attractiveness to investors. The restructuring of our shareholder base is another. This increases RWE's appeal in international financial markets. Take a closer look at our family.

MINISTMENT.

ANZ arm to launch Asian for

First quarter shows shapk

Mar

RME Chairman

Question: Wie Auffiel.

Rubing De Historica

マイナン 行い 予告 済機

the tradition.

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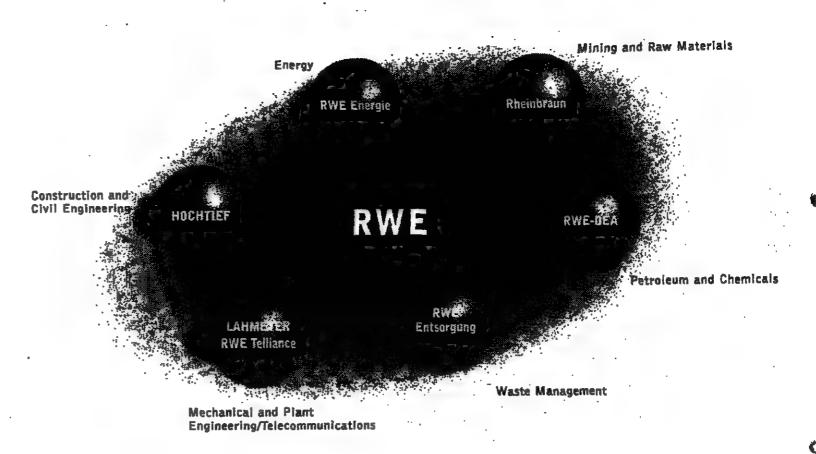
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RWE - Braced for the Challenges of the New Millennium.

RWE has come a long way from its beginnings as an electricity utility. Today Germany's fifth largest corporation is a diversified international group with a network of subsidiaries and affiliates around the globe. Organized into six divisions - energy; mining and raw materials; petroleum and chemicals; waste management; mechanical and plant engineering and telecommunications; and construction and civil engineering the RWE Group posted group net sales of more than DM 72 billion in its 1996/97 business year ended June 30 and a net profit of DM 1.3 billion.

Almost all of RWE's divisions are at the top or among the top in their industrial sectors. RWE's portfolio of companies includes Europe's largest private energy company RWE Energie AG and the world's leading lignite producer Rheinbraun AG as well as one of Germany's largest construction companies, HOCHTIEF AG, and one of the country's leading holdings for engineering firms, LAHMEYER AG.

Heidelberg, the world's leading producer of high-tech printing systems, is another asset in RWE's performance portfolio as is RWE-DEA AG, a fully integrated upstream and downstream oil company with German as well as foreign activities. RWE Entsorgung AG is one of the largest waste management providers in Germany and MAQUET AG Europe's leading manufacturer of operating tables.



Share Conversion Enhances RWE's Standing in International Capital Markets.

The RWE Group at a Glance.

RWE Energie has a high-voltage grid covering Europe's major economic centers and regions and is thus well prepared for the newly liberalized market.

Rheinbraun is among the world leaders in the extraction and refining of lignite, a cost-efficient source of energy.

RWE-DEA ranks number three in Germany in petroleum products and is a major force in mobility services, operating a country-wide network of 1740 petrol stations. CONDEA is number one worldwide in the manufacture of detergent feed-stocks and ranks among the foremost producers of ingredients for the cosmetics industry.

RWE Entsorgung stands for a cleaner environment, providing efficient management for waste disposal and recycling.

LAHMEYER has Europe's leading manufacturer of operating tables in its portfolio. Heidelberg is the worldwide market leader in high-tech printing systems. It is continuously setting new standards in its field. Everything from pre-press to finishing from a single top-quality supplier.

Through its involvement in o.tel.o, RWE Telliance is prepared to take advantage of fresh business opportunities in the newly deregulated German . telecoms market.

HOCHTIEF is one of Europe's leading construction and engineering companies with worldwide operations and aiming to become a system leader for designing, financing, building and operating large-scale projects, for example airports.

RWE Chief Financial Officer Clemens Borsig answers questions about the Group's plans to abolish multiple voting rights.

Question: Mr. Börsig, your plans to change RWE's shareholder structure was approved almost un-

animously on February 26. Why is this such a big step for RWE? Borsig: Our current shareholder

structure - which we are now in a position to change - is much too complicated. We had registered shares carrying 20 votes each, non-voting preference shares and ordinary shares. Some investors - especially non-German institutional investors -

were put off by this and that kept the price of our ordinary shares "captive".

Question: How will abolishing multiple voting rights change the structure?

Borsig: At the moment, registered shares with multiple voting rights account for 30.2% of the total votes. These registered shares will be converted into ordinary shares with one vote each. Preference shareholders will also have the opportunity to convert their non-voting shares into ordinary voting shares. "One share, one vote" that is our goal and standard in international capital markets.

Question: And RWE shareholders will benefit from this?

Borsig: They stand to greatly benefit from the conversion. The price of our ordinary shares will no longer be held "captive" by our complex structure. They become more attractive to a broader range of investors from around the globe, and that should have a positive impact on the share price.







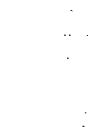


























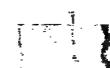






































ER REMARKS TO THE STREET, THE STREET, THE

NEW RELIGIOS WITH CO. T. C. S. C. S.

Performance Profiles

Market Leaders in a Single Group.

Question: What are your criteria for portfolio optimization?

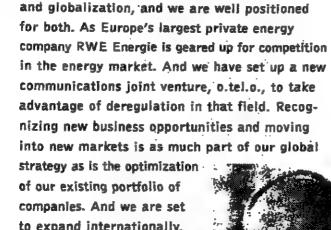
Kuhnt: We concentrate on businesses and sectors which are or are on the way to becoming market leaders in their fields. We only acquire new businesses or participations that help us expand and build up our core businesses. This concentration is further enhanced by disinvestments when necessary.

Question: RWE is a large corporation that combines a lot of activities under one roof at a time when other companies are spinning off businesses to enhance shareholder value...

Kuhnt: What's good for one company is not necessarily good for another. In our case size is one of our major strengths. It enables us to achieve economies of scale and make full use of synergies. Our size also provides us with the financial resources to pursue our corporate strategy with vigor and a commitment to long-term success. Constantly reviewing our portfolio of companies and optimizing it is our way of enhancing shareholder value. All in all, this is an impressive portfolio and a solid base for the future prosperity of the RWE Group which has ambitious plans for the new millennium.

The Share Conversion Step by Step.

- A bank consortium issues conversion warrants for the conversion of preference shares into ordinary shares against payment of a conversion premium.
- Shareholders can make an offer for warrants through their bank. The final allocation price of the conversion warrants will be determined in a bookbuilding process from approximately April 14-24.
- After allocation of warrants to the bidders there will be a period of two months during which the warrants will be traded at the Frankfurt and Düsseldorf stock exchanges.
- During this trading period shareholders who were not considered in the allocation process because their bids were too low can buy conversion warrants on the stock exchange and participate in the conversion.
- Non-shareholders who want to participate in the conversion can also buy warrants and have to acquire a corresponding number of preference
- · When the trading period is over, shareholders can present their preference shares to their bank together with the corresponding number of conversion warrants within a certain time period. The actual conversion will then take place.



RWE Chairman Dietmar Kuhnt talks about

Question: Mr. Kuhnt, how is RWE shaping its

Kuhnt: The major challenges are liberalization

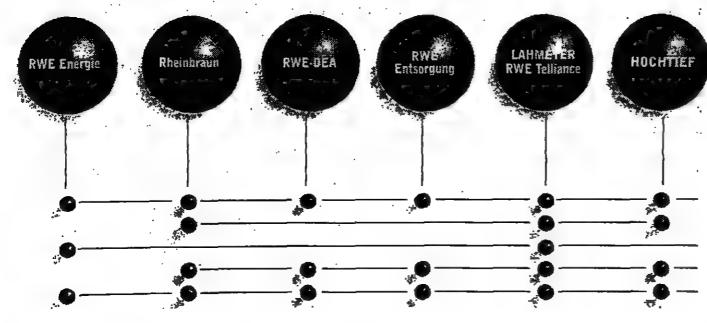
the company's strategy for success in global

strategy to tackle the challenges that lie ahead?

to expand internationally. By the year 2005 the Group wants to boost sales to DM 100 billion with some 25% generated outside Germany.

markets.





Basic needs:

Heat, power, light and water Living and working Information and communication Mobility and logistics Environmental quality and health

RWE is:

- Europe's largest private energy utility
- Worldwide market leader in the extraction and refining of lignite
- Market leader worldwide in printing systems
- Number 1 worldwide in energy engineering consultancy services
- Europe's number 1 manufacturer of operating tables
- Number 1 in Germany in waste management
- Number 2 in Germany in construction and civil engineering
- Number 3 in Germany in petroleum product sales
- Number 3 in Germany in electrical plant and network engineering
- . Number 3 in the US in the extraction of hard coal

RWE AG Opernplatz 1 D-45128 Essen Fax: +49 2 01/12-1 53 61 Internet: http://www.rwe.de .

RWE Energie, Rheinbraun, RWE-DEA, RWE Entsorgung, LAHMEYER, RWE Telliance, HOCHTIEF RWE The Group That Knows How. The state of the s

MEPC disposes of US malls for \$871m

MEPC, the UK's third largest property company, said yesterday it had agreed to sell its portfolio of eight US element of its plan to sell its pon-UK assets.

The price, 9 per cent higher than book value at its year-end last September 30. was better than analysis had

The malls were sold to General Growth Properties. a fast-growing Chicago-based real estate investment trust regional shopping malls for which is the US's second \$871m, putting in place a key largest owner of regional shopping malls.

MEPC has yet to sell its remaining US real estate, a collection of office and industrial properties in Dal- 70 per cent of its Australian las, Texas and Minneapolis, real estate portfolio for expected. MEPC's share Minnesota James Tuckey, 1205m, less than had been

of the shopping malls should be completed in June, with

intends to use a portion of the sale proceeds to return at least £300m to shareholders, probably in the form of a share buy-back. In February, MEPC

armounced the sale of about

MEPC take steps to improve returns to shareholders which, for most of last year. had lagged the sector.

Last September, the company announced a significant restructuring, including disposal of overseas assets, a

price closed 8p higher at chief executive, said the sale expected, and said it would repurchase programme and have to retain some proper- a refocusing of its domestic said the company would ties until domestic market portfolio on larger properthe balance sold soon after. conditions improved. That ties. It is expected that The company has said it news disappointed those MEPC will look to conclude who had been demanding a share buy-back in the BUSTIMD.

James Dundas, finance director, said the company would use some sale proceeds to repay dollar-denominated debt. MRPC has £48.7m in mortgage bonds due 2003 which are likely to

Separately, Mr Tuckey realise a small amount of additional cash after selling its \$449.3m commercial mortgage-backed US securities portfolio and using the proceeds to repurchase \$380m of DART's. The preferred shares had been issued to allow MEPC to take advantage of so-called US tax "loss carryforwards" which it could not

SIM to revamp £2.9bn fund

Schroder Investment for individual clients Management, one of the returned 16 per cent. UK's biggest pension fund managers, is to revamp its \$2.9bn (\$4.8bn) shop-window fund in a hid to improve a performance which has seri- other hig fund managers ously lagged the industry in the past year.

The company, which has total assets of £106.9bm, is to make management changes to the fund - its largest - at the same time as converting it into an unusual investment vehicle designed to offset tax changes introduced in last year's Budget.

David Salisbury, chairman of SIM, said the pooled fund, which invests on behalf of 790 nension schemes, would be run "more directly in line with our mainstream approach."

The fund returned 12.1 per

Schroders has resembed the fact that the performance of the fund has put it in the same league as the three which have suffered performance problems recently. SIM said that the new fund

structure, called a Pension Fund Pooling Vehicle, would save investors 25 basis points a year. The fund's old structure -

based on management through several unit trusts suffered from an unfair tax treatment as all income, including from bonds, was treated as if it derived from equity dividends. The gov ernment abolished the dividend tax credit last July. . Nicola Ralston, managing

director of the UK division "unwind an inadvertent tax

COMMENT

When the fuse was lit under MEPC more than a year ago, Share price relative to the it was questionable whether the firework would sparkle preferred shares, known as or fixtle out. Shareholders inured to years of underperformance would have suspected the latter. But since the semi-refreshed board switched to sorting out its own problems, as opposed to exploring an escape by merger, the delivery rate has picked up. The \$871m sale of its US retail portfolio is the best example of that. At a 9 per cent premium to book value, it mops up disappoint-

FTSE Property Index

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ment over the £205m Australian disposal at a 10 per cent discount. Disposal proceeds should total about £1.2bn, nearly £500m more than MEPC has spent on UK acquisitions and developments. The question is: will it stick at returning £300m to shareholders? At that level it could spend a further £300m on acquisitions within its 30 per cent gearing limit. With the UK property market riding high, a bigger buy-back would provide better underpinning for a catch-up on its peers as well as reducing pressure on James Tuckey, the chief executive.

Those searching for a chink in Tesco's armour will not have been encouraged by yesterday's figures. Market share is up to 15.2 per cent, a formidable leadership position it shows no sign of relinquishing. The increase in like-for-like sales - 6.1 per cant in UK stores - is comfortably above the 3-4 per cent for the sector. Meanwhile, the modest 0.3 percentage point increase in gross margin is a reminder that the company continues to eschew richer margins in favour of investment, in price, service and stores, which fuels further sales gains as the virtuous circle ratchets remorselessly on.

For investors, there are two snags: trading is likely to get tougher, and the market seems fully apprised of the good news. A multiple of about 22 times 1998-99 earnings, or a 10 per cent premium to the market, is certainly demanding by historic standards. But is this the right benchmark? After all, top French retailer Carrefour, helped by emerging market exposure, enjoys a pie rating of 35. If Tesco can create value through its ventures into new products (non-food and financial services) and areas (central Europe), it can close this gap. Perhaps the advent of the EU's single currency will help start the process.

by Penny Hollange

Tesco warns of tough times

Tesco, the UK's largest supermarket group, yesterday warned of a tougher UK trading environment in 1998 as it reported a further rise in underlying annual profits and set out its ambitions to be a market leader in central

Terry Leahy, chief executive, said the year ahead would be "a challenging

He predicted that efforts by rivals such as Safeway and J Sainsbury to revive sales growth would create volatility in the sector, while changes in the economy would also hit food retailers. "It looks as if the rate of consumer expenditure will be lower in 1998 and that will affect us," he said. was well placed to continue

to make steady progress. The group planned to double its overseas investment this year, allocating some



central Europe. However, a £1m loss last year. the more aggressive investment in Hungary, Poland, the Czech Republic and Slo-£200m (\$336m) in capital vakia would mean heavier

came as Tesco reported a 10.9 per cent jump in annual pre-tax profits to £832m,

Mr Leahy's comments ended February 28. spending to Northen Ireland than expected losses there of before exceptional items, on sales 16.4 per cent ahead to

Excluding the extra week group pre-tax profits rose by 8.9 per cent to £817m on

217.8bn for the 53 weeks

Lydie van der Mee

59th position out of 67 funds sured by Caps, which disadvantage."

cent last year, putting it in said the changes would

SmithKline rules out talks re-run Halifax warns on market share

Jan Leschly, chief executive of drugs company Smithruled out a return to merger

That deal is "not going to Glazo broke the deal." happen", he said yesterday, almost two months after the Pierre Garnier, SmithKline's collapse of the merger talks chief operating officer, said \$1.84bn to £1.89bn (\$3.15bn)

that would have created the world's largest drugs com-

He said there had been an Kline Beecham, has all but "absence of trust" following the talks breakdown, which talks with UK rival Glazo he blamed on Glazo. "We had a merger of equals.

However, last week Jean-

that "a merger remains an excluding currency moveattractive option for boost- ments. These were in line ing shareholder value."

contributed to a 40p fail in 691p yesterday. The shares were also

depressed by a modest first quarter performance. Sales were up 8 per cent from

with the increase across the Mr Leachly's comments pharmaceuticals industry. Pre-tax profits rose from SmithKline's share price to £409m to £440m, an 8 per cent increase excluding currency movements.

Earnings rose 6 per cent from 4.9p to 5.2p, and a 10 than its traditional 19 per cent increase in the divi-cent market share in each of dend to 2.425p was proposed. The last three years. Last

Halifax, the UK's biggest mortgage lender, yesterday warned that "unrelenting" competition in mortgage

markets would delay a be back to the "high teens" recovery in its market share. by the end of the year. The group has taken less than its traditional 19 per cent market share in each of edged this was unrealistic: (1) Mutuals claim they can offer , launched a £1bn buy-back

cent of net new lending It blamed that on disrupto a bank, and only a month ago implied its share would Yesterday, however, Jon

Foulds, chairman, acknowl-Analysts still the state- better rates because they do programme in early March.

ment reinforced the view not have to pay dividends. that the big banks were lostion caused by its conversion mutuals. Bank of England figures show building societies wrote £1.2bn (\$2bn) of net new mortgages in January and February, well above their share of the stock of

One bank analyst said: "It ing the mortgage war to looks rather bleak for the Halifax and it underlines the urgency of their need to diversify."

Halifax shares fell 17p to 828p. The bank has bought back 21.7m shares at an outstanding mortgages. average of 933p since it

DEPARTEMENT DE LA GUADELOUPE PRF 56 000 000 TAUX VARIABLE ECHRANCE 2000 EDN CODE: XSM6346000 For the period Acril 20, 1999 to Centrier 19, 1998 the new rate has been fixed at 4.75 % P.A. Next payment doz: 0 Cetaber 19, 1998 Computer: 8 Amount: ;

FRF 12 006.94 for the denomination of FRF 500 000.02 THE PRINCIPAL PAYING AGENT SOCIETY GENERALE BANK & THURT SA.

11-13, average Emile Restor L-3020 LUXEMBQURG NOTICE OF MEETING

Notice of meeting of Marine and General Mutual Notice is hereby given to the Members that the 146th Annua General Meeting of the Society will be held at MGM House, Heene Road, Worthing, West Sussex BN11 2DY on riday 12 June 1998 at 12,30 pm for the following purposes: To receive the Directors' Report the year ended 31 December To consider the election of To re-appoint KPMG Audit Pic as auditors of the Society and to To transact any other business. By Order of the Board A J Carr, Secretary 27 March 1998 Each member may attend and vote in person or by proxy at meetings of the Society To Advertise







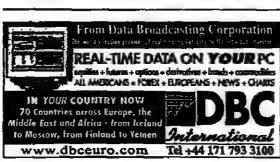


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The acquisitive way to climb the ladder of the global paints industry

Roger Taylor looks at how Akzo Nobel will benefit if it buys Courtaulds

Nobel, is free of doubts over Akso's decision to secure its title as the world's largest paints business by buying Courtsulite

He brushes aside attempts to get him to put a value on the benefits he expects from the acquisition. "Quantification is mean-

ingless," he exclaims, "It is better just to go for it. The industrial paints business is becoming global and you have to get your foothold in the next few years if you want to be part of it."

The race for global domination of the paints industry is gathering speed and the gap between the leaders and the rest of the pack is widening. In 1979, PPG of the US was the world's biggest paints company, producing 350m litres a year - a little more than twice the output of Courtaulds, which was then the ninth biggest.

After buying Courteulds, in a (£1.8bn) \$3bn agreed bid announced on Monday, Akzo will produce 1.2bm litres of paint a year. Almost 20 years of consolidation of what were once national markets in aerospace that will be has changed the face of the reinforced when combined. industry.

The pressure is greatest in industrial markets where customers are often global.

white goods. Akzo's coatings paints: the acquisition would give it a leading position in my industrial markets.

Akzo believes the decorative paints market remains largely national or regional although this part of the business has also become subject to globalisation with ICI setting out to build a dominant world position.

Mr Mattson says the need to be global in industrial markets has little to do with easily quantifiable cost savings and synergies. It is about the "soft values that have a very heavy impact". It is about being taken seriously by big customers, about benchmarking yourself against best practice worldwide, and having a grasp of the world market

But Mr Mattson also

Courtaulds is a leader in the faster and you know your manufacture of a number of way around the industry".

we Mattson, head of the industrial paints including he said, adding: "It will have mitted to the market ~ coatings business of marine, agreepace and pow- a major impact on how we including Akzo, ICI, PPG, Dutch group Akzo der coatings, used to cover operate worldwide." Sherwin-Williams, and

sen markets, the prices paid

Akzo can point to some more tangible benefits. For example, Courtaulds has a much bigger presence in Asia and Akzo will be able to use its greater distribution network to sell its products. Also, Akzo and Courtaulds both have strong positions

pointed to less tangible effects that being global is expected to have. "You move

might persuade companies to overpay for businesses in the hope of gaining a strategic advantage. This has been an important issue for the much of the chemicals industry - not just paints. traditionally produced a wide range of different prodcompanies rush to gain a strong position in their cho-

for assets have been rising. Most analysts do not regard Akzo as overpaying with its 450p-a-share offer. The company calculates the deal will be immediately earnings enhancing and that the investment will cover the cost of capital - albeit at the subdued level of 6.5 per cent following a sharp increase in gearing to pay for Courtaulds. Interest five times, but the company is believed to view this as times earnings on forecast profits of £110m for the year fibres and polymers. to March 31 1998.

of companies that are com-

Such talk makes analysts DuPont. Sherwin-Williams side is mainly in decorative nervous. They worry it specialises in decorative paints in the IIS market DuPont, which does not feature among the top 10 companies in terms of volume, ranks as sixth largest in

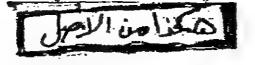
terms of sales value. There are also a large Chemicals companies have number of smaller companies, most of which are assumed to want to sell out. ucts but recently, the trend in addition, there are paints has been to focus on just a operations within large handful of core areas. As groups, such as Herberts, part of Hoechst, which are likely to be spun-out or demerged.

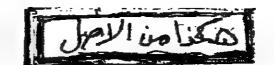
The race for global positions could yet see Courtaulds shareholders get far shares. There is no other paints operation of similar size that is on the block.

The possibility remains paints companies will decide its own strategic interests are at risk and step in with a higher bid. PPG and DuPont cover is set to fall as low as of the US are suggested as possibilities, although they would be faced with the diffisustainable. It is about 22 culty of dealing with Courtaulds' other operations in

But if Courtaulds share-The move towards globali- holders are lucky, they will sation has produced plenty take an even more bullish of opportunities to buy, view than Mr Mattson about There are a limited number the value of a global pres-

	Termer (8a)		r-tax t (Em)	25%	90	Correct (c)	fraktoeru Dete cil	Dividends Corresponding dividend	Total for	Total test year
Dicide (James)			(0.821)	5.63	(4.27)	231	June 3	2.31		6.35
Ferraris	11.8 (10.3) 0.713	0.626	4.7	3.91	1.4	July 30	1.2		3.2
Finisty (James) — Yr to Dec 31	178.5 (189.2	14.20	(124)	10.4	(6.8)	2.35	July 1	2.15	4,15	
Marvelock Engine	782 673	6.02	(5.9)	14.8t	(14.6)	3	July 7	2.85	4.75	3.65
Jackson Yr to Dec \$1	90.8 (81.6	3.01♥	(1.31)	ġ	(3.9)	21	July 2	1.4	3.2	4.3
Jerome Yr to Dac 37	35.7 (33.4) 0.566À	(1.14\)	28	(8.1)	2.25	Jame 5	2		2.1
Earthorough Plants 6 miles to Dec 31	0.166 0.23	0.32	(0.088)	2.25	0.5	0.54	June 29	0.35	3.375	3
Princedale Yr to Dec 31	57.8 65.1		(3.53)	0.89L	(3.71)	0.15	June 18	0.7	2.55	1.19
8t lives 6 m\$s; to Jun 30			(23.6)	16.271	(15.84)	3.75	June 5	3.4	0.55	1.1
Scalifolding Appelmen _ 3 units to Mar 31	1,288 (1,83)		(409)	52	(4.9)	2.425	July 15		-	11.6
esco 53 whs to Feb 28 *	16,452 (13.8)		(750)	23.1	(24.1)	8.05	July 13	2-205‡ 7.1		9.9451
Initiad Overseas Yr to Dec 31	91 (78.4		(6.31)	451	(4.61)	0.75	June 1	•-	11.5	10.35
Maste Menagement _ 3 miles to Mar 31	223A (277.5		20.9	3.1	(4.5)	-	-	-	1.14	-
investment Trusts	20 to		estalcha (St. (Eta)	24	(4)	Correct (p)	Date of payment	Corresponding Oridend	Total for	Total last year
Gartenony 1907 Yr to Feb 28	104.9 (101.5	2.798	43.686 h	4.05	(3.49)	1.8	May 29	1.7	3.6	
Suitaness (Might Will	98.49 95.25		0.226	3.08	(2.42)	1.6	June 2	1.1		3.2
nd Stolack	- (-)	0.1731	0.5871	0.84L	(1.24L)	1.0	State 6		2.7	1,9
love 'it to Feb 28	63.41 (38.21) 1.17	(0.933)	8.28	(6.59)	5711	May 29	4.1大	财	7.3贵
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DE BEERS: SHAPING THE DIAMOND WORLD OF THE FUTURE

POINTS FROM NICKY OPPENHEIMER'S 1997 CHAIRMAN'S STATEMENT

The past year - during which the De Beers Central Selling Organisation achieved record sales in the first half of 1997 and the lowest second half sales since 1994 - was a challenging time for the diamond industry. De Beers again showed that it comes into its own when the industry is under stress, moving decisively in the face of economic turmoil in the Far East to restore sentiment in the cutting centres by a sustained reduction in the size of its sights. The fact that the industry looks to De Beers for leadership and comfort in since of purbulence is a

FINANCIAL TIMES WEDNESDAY APRIL 22 1998 - *

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market share

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and comfort in times of turbulence is a tribute to its management of the market and we will continue to ensure that this trust is not misplaced.

In October after protracted negotiations, Almazy Rossii-Sakha (Alrosa) and De Beers signed a new trade agreement which reaffirmed their mutual recognition of the importance of single channel marketing, even as it re-established full co-operation between the world's two major diamond producers.

Despite the downturn in Asia, the number

of diamond jewellery pieces purchased in

1997 and the amount spent by consumers in local currencies both equalled the 1996 figure. The sharp decline in many Asian currencies, however, resulted in a four per cent decline in US dollar terms in the value of rough gem diamond sales by the Central Selling Organisation. At US\$ 4 640 million, these were, nevertheless, the second highest annual sales on record. Although De Beers' headline earnings were up one per cent at US\$ 1 044 million, total net earnings were nine per cent lower at US\$ 1 229 million. Diamond stocks were reduced by six per cent, reflecting both increased market share and the high level of first half-year sales. The dividend was maintained at 102.8 US cents per De Beers/Centenary linked unit by reducing the

cover on an attributable earnings basis.

The problems in the Far East have once again focused attention on the importance of the American market, which accounts for more than a third of world diamond consumption by value. In 1997 that market saw encouraging growth of up to eight per cent in retail sales of diamond jewellery and we hope for further growth in 1998. Moreover, problems in the Far East, while pressing, are not permanent and economists expect a resurgence of growth in Japan once the process of economic re-structuring is complete.

diamond mines in the world. We also have the distribution network to manage the marketing of this production and any additional goods bought under contract or on the open market. De Beers will use the year ahead to prepare itself not only for the expected major recovery in world demand, but also to devise new ways of preserving the single market by deploying its unique marketing skills on behalf of its own core producers and its own clients.

"The eclipse of the sun came to an end with an effect known as 'the diamond ring'.

It shows the sun just beginning to gleam once more from behind the moon".

NEWS REPORT ON THE SOLAR BOLIPSE ON 26 FERRUARY 1998

1998 will, however, pose even greater questions before the economic storm in East Asia blows itself out. The reduction in stocks in 1997, the quota arrangements with contracting producers and the strength of the De Beers balance sheet and banking arrangements give us the resources to manage the downturn currently affecting the industry. Under any foreseeable scenario, the De Beers Group will continue to produce about 50 per cent of the world's gem diamonds by value from some of the lowest cost

During 1997 several major developments in the De Beers Group ensured that we would retain our competitive edge. These included the Orapa 2000 Project which will lift Debswana's total production to 25 million carats a year from the year 2000, and is proceeding according to schedule.

Co-operation with the governments of African countries to help them realise and benefit from their diamond resources remains central to the Group's future plans and interests. De Beers applauds Deputy President Mbeki's vision of an African renaissance and believes that De Beers can play a key role in contributing to that renaissance.

As the only mining company with the skills and the knowledge to mine diamonds under all conditions - from desert to deep sea - and in every type of mine from underground to

open cast and beach, the Group is also determined to extend its global reach and is well poised to shape the diamond world of the future.

The full Chairman's Statement and the Annual Reports of De Beers Consolidated Mines and De Beers Centenary for the year ended 31st December 1997 have been posted to registered shareholders. Copies may be obtained by writing to the London Secretaries at the address below. The Chairman's Statement may also be accessed on the Internet at http://www.edata.co.za

DE BEERS

Dr. Recess Connotidated Mines Limited (Incorporated in the Republic of South Africa), London Office: 19 Clusterhouse Street, London EQN. De Beers Centenary AG (Incorporated under the laws of Switzerhous), Head Office: Langemandstrasse 27, CH-6000 Lucterne 14, Switzerhouse

GOVERNMENT BONDS By John Labate in New York and Simon Davies in London

28

Speculation of an imminent shift towards convergence in European interest rates, as speculation mounted that combined with continued German interest rates were profit-taking on Wall Street. heading higher. sent prices drifting further downwards yesterday.

US Treasuries came under made some bearish morning pressure from several fronts, including the falling value of Fed would have to make a the dollar. By early after- move unless the Asian crisis noon the benchmark 30-year slows US economic growth. Treasury bond had lost 1 to 102ఓ, sending the yield up to 5.942 per cent.

The continuing issuance of substantial amounts of corporate debt has been taking some attention off Trea-

deals are being priced, yes-terday, today, and all this week," said David Ging, market strategist at Donaldson. Luikin & Jenrette.

Also helping to weaken bonds was the falling dollar.

In addition, a Federal Reserve board governor comments, warning that the Among shorter-term issues two-year notes fell is to 9913.

10-year notes lost 4 to 992. vielding 5.671 per cent. positioning of the conver-

yielding 5.601 per cent and

among the future Emu mem-expectations, but M3 money focus of market activity.

"There is a little concern about joint action on rates around the Emu-selection weekend in May. The argument is that it would enhance co-operation. But I don't think the Bundesbank is ready to tighten," said Philip Tyson, bond strategist

at HSBC Markets. Markets have also been rattled by the dispute over the future presidency of the European Central Bank, and its implications for the likelihood of coherent economic

GERMAN BUNDS made a weak start on speculation of In Europe, the timing and a buoyant Ifo business confidence survey. In the event, gence of interest rates the survey was in line with

unexpected decision by the bers continued to be the supply data that came out Bank of Italy to cut its dis- bunds, after the release of afterwards were stronger than anticipated and the market never recovered.

down 0.27. The Irish bond market has settled 0.24 lower at 107.34, and the German market continued to underperform most of Europe. Given concern that the Bundesbank may raise rates

in early May, shorter maturities continued to underperform, although longer-dated bonds were hit by weakness ITALIAN BTPs traded in line with the German market, after inflation data from

a number of sample cities came in line with expecta-

clearly get a boost from the

I THUM LES

M ALEKTRACIAN DOLLARS

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B. GUILDERS

New international bond issues

count rate by 50 basis points inflation data in line with to 5 per cent. The June con-market expectations at 2.6 tract settled at 119.13, per cent for March.

by concerns over the timing basis points throughout the convergence. McLaughlan, of ABN Amro Securities, said it offered value for those expecting an imminent move on interest rate convergence, and this should gain greater credence following the Bank of Italy's

growing fears that interest rate cuts have been put back until closer to the launch of the euro, leaving the prospect of considerable further

The June contract settled & lower at 109%, after tradbeen disproportionately hit ing in a range of just nine Don day, but there was a little more activity, with more than 66,000 contracts traded

The spread against bunds narrowed by four basis points to 96 points, taking it back to levels it reached last October in a fit of European monetary union optimism.

However, traders warned that the spread looked to be at the bottom of the range. Analysis said next month's inflation data could show a blip towards 4 per cent, mainly due to tax increases

NEWS DIGEST

EUROPEAN STOCK MARKETS

Euro.NM to harmonise regulations ahead of euro

Euro.NM, the European attance of stock markets for high-growth companies, will today announce a wide-ranging harmonisation of listing, reporting and trading rules to enhance integration of its four member markets ahead of the launch of Europa's single currency.

The measures include reducing the duration of lock-ins for management and founding shareholders, maximum spreads for market-makers, the publication of accounts to internationafly accepted standards, and a minimum free float of 20 per cent of an issuer's shares.

The harmonisation is part of a drive by the alliance's mem bers - the Nouveau Merché in Parts, the Neuer Markt in Frankfurt, and the high-growth arms of the Amsterdam and Brussels stock exchanges - to offer a single market infra-structure in which companies in Europe's high technology and other growth sectors can raise cross-border capital.

The listing currency for the four markets after January 1 next year will be the euro, while company prospectuses must reach minimum European Union standards and be published In English as well as the relevant national language.

The package of measures has been planned ever since the four exchanges joined forces last year to take on Brusselsbased Easdaq, which claims to be Europe's equivalent to Nasdaq of the US, in seeking listings of high-growth stocks. The Euro.NM alliance now has 76 listed companies that have raised \$1.5bn and have a combined market capitalisation of \$18bn, while Easdaq has 26 listed companies, has

raised \$1.21bn and has a market capitalisation of \$11.9bn. The harmonisation agreement involved concessions by all four markets, which were established using their own listing and reporting requirements. It follows the full technological integration earlier this year of the Paris and Brussels highgrowth markets. Frankfurt and Amsterdam are due to be linked up with them by the end of this yea

Euro.NM is also in discussions with the Stockholm, Madrid and Milan stock exchanges about expanding the alliance to include other high-growth markets. Vincent Boland

THAI FOOTWEAR

Wongpaitoon raises \$100m

Wongpaitcon Group, a Thai footweer manufacturer, has raised \$100m in new financing by securitising its future export receipts in a deal arranged by Dalwa Securities America.

Securitisation is rare in Thailand but with exporters short of working capital and trade finance and domestic banks conserving funds, analysts expect to see more companies with hard currency revenues following Wongpaitoon.

nd \$100m to Wongpailtoon now and be repeld . The companies did not say what interest rate eny would be charged. The company is one of ducers of Reebok shoes and has confirmed or the next six months, the company said.

Ford Credit increases offering to \$3.25bn

INTERNATIONAL BONDS By Edward Loca

Ford Credit broke several records yesterday with the largest corporate offering in recent years. The \$3.25bn deal - increased from a planned \$2.5bn - is the latest in a series of jumbo offerings, but the first significant jumbo deal from a US corpo-

The market clearly wants big liquid deals," said an official at Salomon Brothers (joint lead with Bear Stearns] in New York, ened by around one basis than we would otherwise, the lira market with a its second since the markets

pean institutional investors. The distribution was reversed for the \$1bn seven-

year floating-rate portion. Ford swapped the proceeds from the fixed-rate tranche. "On an all-in cost basis it made more sense to increase the five-year part of the deal," said the banker.

Both tranches - priced to yield a spread of 55 basis points over the relevant Treasury and 18.75 basis US dollars at 435 basis points points over three-month Libor respectively - tight-

"We're not saying we got a point yesterday afternoon.

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tors, with the most of the last week by the Russian remainder bought by Euro- parliament to reject for the second time Sergei Klriyenko's nomination as prime

> Given Italy's queneing system for bond issues, Russia was unable to alter the timing of the offer, although it did reduce its size by L250bn. An official at J.P. Morgan said the deal was priced roughly flat to the current spread of Russia's closest benchmarks in D-Marks and

The deal, which has been much awaited in Italy, was RUSSIA made its debut in Russia's fifth eurobond and

over US Treasuries on a

swaps basis.

comfortable about the situa- The 11-year bond, lead- lanted benchmark. It tighttion in Russia," he said. The managed by Paribas, ened to a spread of 9.75 basis

but cles demand deal." About \$2.25bn	e would oth rly there was out there fo 60 per cent five-year fix went to US	a lot of r a big of the ed-rate	the lira L500bn fi The deal an easter rower in awkward i in the wa	ive-yea - also n Eur lira - momen	the fire copean came a ct for R	ring. st by bor- at an ussia	crisis last Oc An official iano, joint offering wa institutions	ctober. at Credi lead, sa is targe al inve	ito Ital- id the ted at estors.	deal to SWI fourth to tap marks	ightene SDEN Euro the eu et wit	d after becan pean so tro-deno	launch. me the overeign ominated much	J.P. Morgan and SBC War-points over the 10-year OAT balwa will it burg, was priced at 11 besis benchmark last night. Daiwa will it over five year of three basis points tighter expected to issue euro-the largest prices.	ence s. 7 cen colu
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CURRENCIES & MONEY

D-Mark gains on European recovery

MARKETS REPORT

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Section 24

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Wongpaileen raises \$100m

斯提斯森 医动脉 加州东西

uro.NM to harmonise

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after strong growth in German M3 money supply added to evidence that European economies are recovering.

The Bank of Italy cut to raise German rates.

Interest rates by 50 basis The approach of Emi points after European markets had closed late yesterday. It said interest rates were dropping "towards the tain, and likely to produce a Monday morning. The marlowest levels prevailing in weak euro, investors fled the ket is tanding towards the Europe" ahead of the start of German currency for the view that British base rates European monetary union in safe havens of the dollar, have peaked, even though January 1999. The bank said it had been able to make the cut because expected infla-tion was falling towards its

count rate fell from 5.5 per cent to 5.0 per cent, while the Lombard rate dropped from 7.0 per cent to 6.5 per cent. The move pushed the lira down LO. against the D-Mark to L989.25. The lower rates take effect today.

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European interest rates Andersen Consulting, which are expected to converge at revealed yesterday that 4.0 per cent or just below almost all European chief when Emu kicks off. The executives thought the euro The D-Mark rose yesterday German repo rate is now at was now irreversible, simply 3.30 per cent. Edgar Meister, stated the obvious. Bundesbank council member, said yesterday that close in London at DM3.000 there was no imminent need to the D-Mark, and in later

recent weeks. In the days ling has now lost 4.6 pfgs when Emu seemed uncer- against the D-Mark since sterling and Swiss franc. But UK March retail prices rose now there are only 11 days 2.6 per cent year-on-year, left before the meeting to just above the government's decide which countries will target of 2.5 per cent.

launch the euro, and so the The dollar fell 1.2 pfgs arget level.

The Italian official disfright money is returning to Germany. A survey by

PO	M MT CONTA	EW YORK
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३ प्राप्त	1.6707	1,5687
1 wr	1.8634	1.6508

The pound plunged to US trading fell just below The approach of Emu has the DM3 level for the first been helping the D-Mark in time since mid-March. Ster-

> against the D-Mark and Y0.8 against the yen to close at DML790 and Y131.4.

■ The Polish zloty slipped yesterday on a hint that the National Bank of Poland might cut interest rates at today's monetary policy

Annual % charge in 684 DM per 2 of an overly strong zloty and the continued risk of short-term capital inflows to begin bringing interest rates down to a more reasonexpecting some reduction on Wednesday." He noted the

The zloty has been buoyed throughout 1998 by Poland's

interest rates, now at about

Balcerowicz, finance minis-

debt levels. The zloty was fixed yesterday at an average of 7.31 per cent above its central rate, down from Monday's 7.86 per

that even if rates fell somewhat they would still be very high relative to the rest

25 per cent. With inflation	IN OTHER CURRENCIES
just below 14 per cent, ABN- Amro describes real rates as	Apr 21 8 8 Cool No. 21 18 18 14 18 18 17 7 74 20 20 - 74 18 20 1
"extremely high", designed to reduce domestic demand	100 - 100 man -
and import growth.	Ruselt 0.5112 - 0.5116 0.9652 - 0.3053 Park 4.7218 - 4.7291 2.8190 - 2.8220
Yesterday Stanislaw Gomulka, adviser to Leszek	16760 - 16260 - 17900 - 17900 16260 - 16260 - 1795 - 1795 - 1795 UAL 61518 - 61554 16727 - 16731

ter, said: "The combination of Europe, keeping the zloty attractive

> short-term capital inflows
>
> Canada has no inflation imply that the time is right problem. Retail prices rose just 0.9 per cent in the year to March, even less than able level," he said. "I am expected. Perversely, that could increase chances of a rate rise, says Carl Weinfall in inflation in March and berg, chief economist at encouraging government High Frequency Economics in New York.

The absence of inflation, Canada's current account deficit and the fact that itsinterest rates are below US levels have all hit the Canadian dollar this year. In However, ABN-Amro said January it dropped to its

lowest point since it was created in 1858. In the Bank of Canada's view, the weak currency rep-

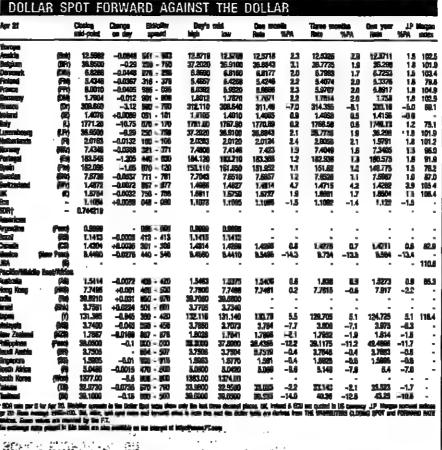
resents an effective monetary loosening, and so the bank may decide to raise interest rates to compensate. The Canadian dollar dropped 0.3 cents yesterday to C\$1.430 against the US dol-

6.00 4.60 4.50 3.30 3.30 6.75 5.63 3.30 2.75 E S LUCUR IN LINCOLN 62 5.45 41 37a SDR Lighted Ds

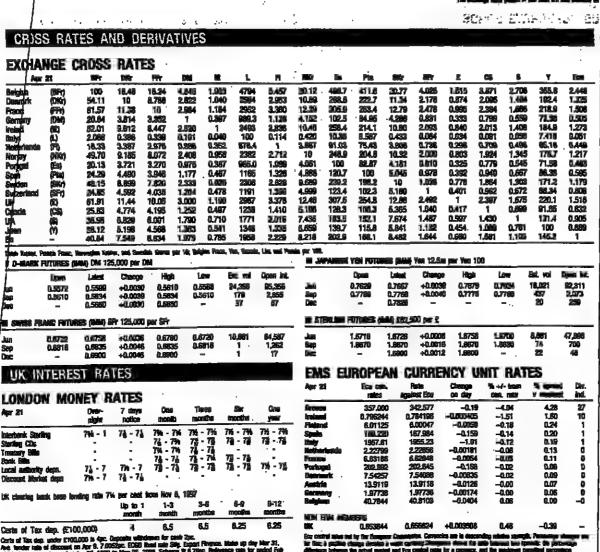
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EURO CU	RRENC	Y INTE	rest f	LATES		
lpr 21	Saint Term	7 days notice	Direc TOORED	Three months	Şix monitis	One year
elgan Franc	37 - 38 32 - 36	3% · 3g	34 - 34	32 - 32	3% - 38	4; - 3 4; - 4
Xanish Krone German Marik	35 - 319 34 - 314	33 - 33 31 - 34	36 - 3% 31 - 3%	34 - 32 34 - 31	44 - 34 35a - 32	31 - 34
hack Guille	3 - 24	34 - 34	314 - 314	341 - 36	4 - 374	38 - 31
teach Flanc Oringuese Esc.	31 - 31 44 - 45	32 - 34 43 - 48	제 - 33 4월 - 46	3% - 31 42 - 42	2. 1	4 - 3% 44 - 44
panish Pesela.	4.4	44 - 44	44 - 45	A - 4	65 - 4	44 - 44
litring .	74 - 79	74 - 74	75 - 7	7; - 7%	73 - 72	79 - 77
kırşıs Foyniç Aznadian Doğum	1% - 1% 48 - 4%	1% - 1 <u>1</u> 48 - 49	15 - 16 48 - 48	语 - 1省 個 - 福	18 - 14 54 - 47	1일 - 14 54 - 54
S Dellar	61: - 5%	54 - 54	52 · 56	6% - 51	59 - 5%	51 - 54
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aposase Yen	% - i	3 - 2	15 - 15 05 - EM	1.		10.0

	33	- 315 33	- 32	M - 3%	36 - 37	44 - 34	- 44 - 44
Serman Wark			- 3%	3L - 3%	3% - 31	3% - 30	31 - 34
Autob Guilder				16 - 3%	34 - 35	4 - 374	32 - 32
tench Franc	9.3			M - 38	34 - JE	34 - 笔	4 - 3%
bringuese Esc	. 2			- 4h	42 4	44 - 44	4-4
panish Pesnia	1 1			41	A. 4	45: - 4:	4 - 4
gitage Marrier Liverille	, 32			7	7: - 74	73 - 73	71 - 71
erez Franc					1 14	14 - 14	18 - 14
				14 - 14	(d . (A)		51 - 51
amedian Dolla				별 - 4일	传-任	54 - 44	
S Dellar		· 5% 5%	- 5%	帰・延	6% - 53	50 - 5M	51 - 74
aller Um	84	- 54 54		4 S	4	48 - 48	4-4
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	4%	-44 an	- 44 (Nr - 516	64 - 6	694 - B	14 · 18
DOC THE PARTY	100 mil (s	r me US Dain	r med Yes, o	Per la d	ion' police.		
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THREE MO	WITH PIECE	R FATURES (MATERINA	interbank of	Hered rate		
	Open	Sett price	Change	High	Law	Est. you	Open isi
hen .	96,220	96 225	+0.005	96,226	96.220	7.426	71,754
ten. Tapi	B6 058	96.065	+0.010	96.080		3,723	34,723
- P	1000	10.000		paregue	00.000	4,744	MAT TANK
THREE BO	可付 克海		S LITT	P DAME &	# 100M		
	Open:	Sett price	Change	Hügih	Low	Est. vol	Open lot
	95.230	98.255	+0.050	96.250	98.215	68048	404068
	96.070	96 115	-0.035	96 120	96 060	00746	377587

Apr 21	- 1	Citotalog	CHARGE	Sid/offer	Day's		One s			mouths	One y		Renk of
		mid-point	OD day	100		ite.	Pertin	NPA _	- Philip	%PA		"LPA	Bag. Index
Биоре													
Anstria	_ a	21/1007	-0.1619	951 - 122	21 MOR	21,0770	21,0294	4.2	20,8067	3.8	29,4172	3.3	100.0
Belgium	神	9 61.9071	-0.8031	46A + 187	2 -	81.8400	B1.0975		61.342	3.5	59,9063		102.0
Descript.	- 84	31,4410		期 - 48 4	11.5173	11.4216	11,4042		11.342	1.6	11,0995		104.0
Finised	i i	9.1951		WW - 123	9,1640	9.0940	0.0739		0.0202	37	8,8092		80.3
France	_ f⊓	10.0541		675 × 807	10.1259	10.0439	10.0188	42	9.9587	3.8	9,7237	13	105.5
12.00	_			IM - 007	3.0210	2,9934	2,9883	41	2.9716	3.7	2.9013	3.3	108.4
STREET	STA .		-5.213	517 -	523.906	517.348	20.988	-61	524.375	-4.3	B36.644	-34	19,0
retand	/ (#		-0.0098	10 - 90	1.1973	1.1878	1.1892	1.1	1.1866	7.2	1.1855	2.0	81.7
	[6.			552 - 901	2957.2	2062 84	2007.23	2.1	2950.16	23	2886.78	2.7	76.5
Leathbourg	4. Fr		-0.6091	494 - 627	82,3690	61.8400	81.6975	4.0	81.30	3.5	39.9963	3.2	TOTAL OF
Netherlands Netherlands	<u> </u>			7MI - 794	3.4009	3,3701	3,3681	6.3	3349	3.8	3.2663	5.3	101.4
MONEY Destroy	- Hox		-0.0885	- E1	12.5450	124346	12.418	3.8	12.3522	33	12.1148	2.7	16.5
Portugal	(Ca			200 - 700	208.406	307.152	306.725	8.1	3(5.13)	3.1	206.021	3.1	81.4
Spein.	Pa			717 · \$23	256.300	254.480	254,174		252,817	3.8	247.189	3.0	76.5
Sarette	594			491 - 636	12.9178	12,8384	12,8226	3.2	12,7654	2.8	12,5370	2.5	87.3
Shrizerhind	(SP			902 - 931	2,5101	2.4981	2.4770	8.6	2.54	5.0	2.7847	63	105.4
UK Egy	1 5							-					106.3
50kt	1 -			745 - 156	1.5243	1,5140	1.5114	3.4	1.5038	31	1.671	29	-
	ŀ -	1.246190	•	-		-		-	-	-			-
Appricag	ſ		- Terrene		4 4								
Argentine	Perc			747 - TIB	1.8806	1.8747	-	-		-	•	-	
Brezi	人四			115 - 126	1.9185	1.9118				-			
Conada Massion (1				154 - 1774	2.4037	2.3032	2.301	2.7	2.3017	2.5	2.3/04	. 2.1	12.5
	n Pess			M - 012	14.2285	14,1497	14.3011	-123	14,5892	-11,7	18,8175	-11.7	4000
ISA Pacific Middle	(E)		-0.0032	750 - 756	1,5811	1.6750	१,सरा	1.9	1.000	1.7	1,6504	1.4	109.2
			A 0400		0 7040						-		
Australia	(4			M - W	2.5940	25777	2.5788	2.8	2.5685	2.6	2.522	23	85.0
Hong Kong	HG			796 - 876	13.0277	12,9783	12,9608	21	12.547	1.3	13.0983	-08	-
	(14)			724 - 342	66.7366	86,4896	-	-		-			-
	BK			014 - 012	6.3188	8.2812	-	-:	-	-	-4		
Japan .	_00			011 - 234	221,580	219.580	218,768	7.4	216.363	e.	205.545	1.5	117.6
Mainysia	14			51 - 75	8,3474	6.2164	8.2002	-5.5	6.3486	-63	6.5003	-47	
New Zooland	(NZS)			811 = 167	1,025	2.9907	2.9971	-1.5	3.0027	45.0	3.0224	1.0	96.7
Philippines	Peer	63.7491		100 - 271	64.1888	63,3066	84,2623	-10,2	6.20	-94	70.1263	-10.0	•
Saud Arabin,	989			819 - 854	6.5000	6.2814	5.2758	1.5	6.2633	1.3	8.2192	V.O	-
Singupore	199			W - 40	2.9934	2,5454	2.8614	1.5	2.867	12	2.5300	68	-
South Airies	- 69			107 ± 686	3,4803	8.4470	15126	-7.7	LS074	-61	1.5123	-8.4	-
Scuth Korea	(Hon)			213 - 083	2318.88	2307.03		•	-			-	-
Taiwan	(19)			107 - 002	.58.9515	器.21制	55,253	-03	SE.2000	-0.2	55,3264	-0.2	•
Theire	(90)		-0.3740	ME - 675	95.8420	85,4020	96.1649	-12.0	. 67,306	-11.0	71.36	-80	
† Retay for år 20. retayed 1/345 The		monets in the P rease privated in		اً چادی محصر داد مختشده درند	a jest finns der a jest blesset s	ر معلم امدا معارفیان	lindry Islan UT.com		i by the fleet.	سنيط اد		yn 1990 o	100. lindez



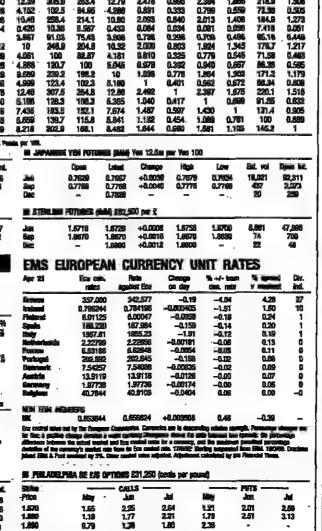
	Porteguese Es	c. 4	-44 49	- 48 4	- 4h	42 44	1. 1	44 - 44
	Spanish Pesel	h 41,	-44 46	-44 4	411	40b - 4E	47	4:4
	Sterling Sweet Franc				h 71 1 - 12	7 - 74	73 - 73	79 - 74 18 - 14
,	Camadian Deli				- 42	情 - 1省 据 - 省	5 - 4	51 - 51
	US Dellar	61/2	- 5% 5%	- 5% 5	- 55	6% - SI	52 - 5h	54 - 54 54 - 54
	Azailan Lina	84	- 24 ₹		i - 5i	월 · 4	49 - 44	4:4
	Japanese Yen				h - 16 h - 516	64 - 6	694 - 6	FL - B
			r De US Dollar				Aut - m	
,						-		
	III THREE MA		R PUTURES (_		
		Open	Sett price	Change	High	200	Est. you	Open int.
	Jan.	96.220	95 225	+0.005	96.220	96.220	7,426	71,754
1	Sap	B6 052	96.065	+0.010	96.080	96,055	3,723	24,723
	A TIMES IN							
		Open	Sett bules	Change	High	LOW	Est. voi	Open los.
	Jan.	96.230	96.255	+0.050	96.250 96.120	96.215	58048	404068 377567
	Sep Dec	96.07 0 95.866	96.115 95.900	+0.025	96.120 85.010	96-060 85-845	96346 58792	383246
	New	95.750	95.780	+6.020	95.785	95.730	40515	362164
	IN THE MOM	THE PARTY NAMED IN	ASS. FITTURE	MATE I	MQm pae			
		Open	Sett price	Change	High	14mm	E4. 90	Diserri wa
	No.	-	86.38			-		257
	300		95.32	-0.01	-		ă	0
	IN THREE MA		URA FITURE	S (LITTE)*	L1000m p	olate of 1009		
		Q-	See price	Channe	Histo	Low	Est. voi	Spen Mi
	l June	95.26	95.33	+0.04	95.34	95.28	31001	261080
	Sep	95.73	95.75	+0.01	95.77	95.69	17391	251110
	Dec	95.80	95.84	+0.02	95.85	95.78	13719	184765
	Mar	95.70	95.74	+0.02	95.74	95.68	11183	197905
	THE IN	MALE BYANG	THE PERSON	C FITTING	S (LFFE) S	Prim pololo	of 100%	
1							El-2	Open int.
ı	1	2	Sett price	Charge	High		Est. Vol	column and
i	ilen	PR.35	Set price 98.42	Charge +0.02	11ign 88.45	98.35	11 880	MIST
	Seo	98.38 86.17	98.42 98.22	+0.02	98.45 98.23	98.35 98.15	11880 10865	10152 35651
	Sep Dec	98.36 96.17 97.86	98.42 98.22 98.00	+0.02 +0.02 +0.02	98.45 98.23 98.01	98.35 98.15 97.93	11880 10865 2634	10152 35651 26785
	Sep Dec Mar	98.35 96.17 97.95 97.83	98.42 98.22 98.00 97.38	+0.02 +0.02 +0.02	98.45 98.23 98.01 97.88	98.35 98.15 97.83 97.81	11880 10865	10152 35651
	Sep Dec	98.38 95.17 97.95 97.83 MITH BURO	98.42 98.22 98.00 97.38 YEAL PATURES	+0.02 +0.02 +0.02 +0.02	98.45 98.23 98.01 97.88 100m, point	98.35 98.16 97.83 97.81 ts of 100%	11880 10865 2834 1180	10962 10962
	Sep Dec Mar ML THREE WIT	98.35 96.17 97.95 97.83	98.42 98.22 98.00 97.88 YEN PATURE Sett price	+0.02 +0.02 +0.02 +0.02 +0.07 t (UPFE) Y1	98.45 98.23 98.01 97.88	98.35 98.15 97.83 97.81	11880 10865 2634 1183	10152 15651 26765 10862
	Sep Dec Mar ML THREE WIT Jun	98.38 95.17 97.95 97.83 MITH BURO	98.42 98.22 98.00 97.88 YEN PATURE Bett price 98.26	+0.02 +0.02 +0.02 +0.02	98.45 98.23 98.01 97.88 100m, point	98.35 98.16 97.83 97.81 ts of 100%	11880 10865 2834 1183 Est. voi	NOTE: 35651 26765 10862 Down ME.
	Sep Dec Mar ML THREE WIT	98.38 95.17 97.95 97.83 MITH BURO	98.42 98.22 98.00 97.88 YEN PATURE Sett price	+0.02 +0.02 +0.02 +0.02 +0.07 t (UPFE) Y1	98.45 98.23 98.01 97.88 100m, point	98.35 98.16 97.83 97.81 ts of 100%	11880 10865 2834 1180 Est. voi 0	10152 15651 26765 10862
	Sop Dec Star ML THREE SIT Jun Sop Dec	98.38 96.17 97.83 97.83 MCCH WURD Open	96.42 96.22 96.00 97.88 YEAL PUTURES 860 price 96.26 96.27 99.23	+0.02 +0.02 +0.02 +0.02 +0.07 Change	98.45 98.23 98.01 97.88 100m polet Hägh 	98.35 98.16 97.83 97.81 98.01 100%	11880 10865 2834 1183 Est. voi	70157 35651 26765 10862 Upon 4E e/s
	Sop Dec Star BE THREE SITE Jun Sop	98.38 96.17 97.95 97.83 WITH WARD Open	96.42 96.22 96.00 97.88 West Patroke 860 price 96.26 96.27 99.23 VUURES (LIF	+0.02 +0.02 +0.02 +0.00 t curren vi Change	98.45 98.23 98.01 97.88 190m point High - - points of 1	98.35 98.16 97.83 97.81 to d 100%	11880 10885 2834 1189 Est. voi 0 0	70152 35851 29765 10862 Upon 45 Air n/a
	Sep Dec Star M. THREE STO Jun Sep Dec M. THREE MC	99.38 95.17 97.85 97.83 MICH WARD Open	96.42 96.22 96.00 97.88 West Petrukte 860 price 99.27 99.23 UTURES (LIF Sett price	+0.02 +0.02 +0.02 +0.02 +0.07 Change	96.45 96.23 96.01 97.88 100m point High - - points of 1	98.35 98.15 97.83 97.81 to of 100%	11880 10885 2834 1189 Est. voi 0 0	70152 35851 29785 10862 Upon est. a/a n/a
	Sep Dec War Wilder Wild THREE WIT THREE WIT THREE MIT TH	98.36 96.17 97.85 97.83 MCTH WHO Open WITH BOU I	98.42 98.22 98.00 97.88 WELL PUTURES 98.27 99.27 19.23 PUTURES (LIFI Sett price 96.75	+0.02 +0.02 +0.02 +0.00 t curren vi Change	96.45 98.23 98.01 97.88 100m point High - - points of 1 High 96.75	98.35 98.16 97.93 97.81 to of 100%.	11880 10885 2834 1180 Est. voi 0 0 0	70152 35651 26785 10862 Dpm 45. A/a s/a s/a s/a 12508
	Sep Dec Star M. THREE STO Jun Sep Dec M. THREE MC	99.38 95.17 97.85 97.83 MICH WARD Open	96.42 96.22 96.00 97.88 West Petrukte 860 price 99.27 99.23 UTURES (LIF Sett price	+0.02 +0.02 +0.02 +0.00 Coungs -0.01 Change	96.45 96.23 96.01 97.88 100m point High - - points of 1	98.35 98.15 97.83 97.81 to of 100%	11880 10885 2834 1189 Est. voi 0 0	70152 35851 29785 10862 Upon est. a/a n/a
	Sep Dec Star Sep Dec Dec Sep Dec Dec Sep Dec S	98.36 95.17 97.85 97.85 97.85 97.85 97.85 96.00 Open 	98.42 98.22 98.20 97.98 98.38 98.27 99.23 99.23 90.27 99.23 90.27 90.77	+0.02 +0.02 +0.02 +0.00 Change	96.45 98.23 96.01 97.88 100m point High - - points of 1 High 96.75 95.77	98.35 98.16 97.83 97.81 15 of 100% 100% 100%	11880 10865 2834 1183 Est. voi 0 0 0 1248 186	70152 35651 26765 10862 Upon 455 a/a n/a 0pon 455 12506 17674
	Sep Dac Mar THREE SAD Jun Sep Duc M THREE BAD Jun Sep Duc	PR.36 95.17 97.05 97.05 97.05 97.05 MITH EURO Open - - - STIR EGU I 05.74 95.76 96.83	98.42 98.22 98.20 97.98 98.38 98.27 99.23 99.23 90.27 99.23 90.27 90.77	+0.02 +0.02 +0.02 +0.02 +0.02 Tolongs 	96.45 96.23 96.01 97.88 100m point 10ph 	98.35 98.16 97.83 97.81 5 of 100%. Low 95.72 95.72 96.63	17890 10565 2834 1183 Est. vol 0 0 0 0 1248 186 18	70157 15651 26765 10862 Down 4E Ah n/s n/s 0pm 1m. 13754 6765
	Sep Dec Star Sep Dec Dec Sep Dec Dec Sep Dec S	98.36 95.17 97.85 97.85 97.85 97.85 97.85 96.00 Open 	98.42 98.22 98.20 97.98 98.38 98.27 99.23 99.23 90.27 99.23 90.27 90.77	+0.02 +0.02 +0.02 +0.02 +0.02 Tolongs 	96.45 96.23 96.01 97.88 100m point 10ph 	98.35 98.16 97.83 97.81 5 of 100%. Low 95.72 95.72 96.63	17890 10565 2834 1183 Est. vol 0 0 0 0 1248 186 18	70157 15651 26765 10862 Down 4E Ah n/s n/s 0pm 1m. 13754 6765
	Sep Dec Star Sep Dec Dec Sep Dec Dec Sep Dec S	98.36 96.17 97.83 97.83 MITH BUND Open - - 000 000 000 000 000 000 0	98.42 98.22 98.20 97.88 97.88 PATONES 98.27 99.23 97.77 98.77 98.77 98.77 98.77	+0.02 +0.02 +0.02 +0.02 -0.02 t quirth to change - - 	96.45 98.23 99.09 97.88 97.88 100m yound High - - points of 1 High 96.75 95.74	98.35 98.16 97.83 97.81 5 of 100%. Low 95.72 95.72 96.63	17890 10565 2834 1183 Est. vol 0 0 0 0 1248 186 18	70157 15651 26765 10862 Down 4E Ah n/s n/s 0pm 1m. 13754 6765
	Sep Dec Star Star Star Star Star Star Star Star	98.36 96.17 97.83 97.83 MITH BUND Open - - 000 000 000 000 000 000 0	98.42 98.22 98.20 97.88 97.88 PATONES 98.27 99.23 97.77 98.77 98.77 98.77 98.77	+0.02 +0.02 +0.02 +0.02 t guines vi Change 	96.45 98.23 99.09 97.88 97.88 100m yound High - - points of 1 High 96.75 95.74	98.35 98.16 97.83 97.81 5 of 100%. Low 95.72 95.72 96.63	17890 10565 2834 1183 Est. vol 0 0 0 0 1248 186 18	70157 15651 26765 10862 Down 4E Ah n/s n/s 0pm 1m. 13754 6765
	Sep Dec Star Sep Dec Sep Dec Sep Dec Sep Dec Sep Sep Dec Sep	98.36 96.17 97.83 97.83 MITH BUND Open - - 000 000 000 000 000 000 0	98.42 98.22 97.83 97.83 97.84 PRIVATE Set price 98.36 99.27 99.23 PUTURES [LF] 98.77 95.86 95.77 95.86 95.77	+0.02 +0.02 +0.02 +0.02 t QUEFE VI Coungs -0.01 FE) Bouriss -0.02 +0.02	96.45 98.23 99.09 97.88 97.88 100m point High - points of 1 High 96.75 95.74	98.35 98.16 97.83 97.81 5 of 100%. Low 95.72 95.72 96.63	17890 10565 2834 1180 Est. vol 0 0 0 0 1248 186 186 18 20	70157 15651 26765 10862 Down 4E Ah n/s n/s 0pm 1m. 13754 6765
	Sep Dec Star MI THREE STO Dec Jun Sep Dec Jun Sep Dec	98.36 86.17 97.83 97.83 97.83 MITH BOU I Open 95.74 93.74 98.74 98.74	98.42 98.22 98.00 97.88 97.88 FINE RETURES 98.27 99.23 98.27 98.77 98.77 98.77 98.77	+0.02 +0.02 +0.02 +0.02 t QUEFE VI Coungs -0.01 FE) Bouriss -0.02 +0.02	96.45 98.23 99.07 97.88 190m point 19gh 	98.35 98.16 97.81 97.81 to of 100% Low 95.72 95.78 95.83 95.72	11880 10885 2834 1183 681 vol 0 0 0 1248 188 18 20	P0152-35851 10862 28785 10862 28785 10862 2878 10862 2878 10862 2878 10862 2878 10862 2878 10878
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Lavoro Bank Overseas N.V. Banca Nazionale del Lavoro S.p.A.

Series Nº 3 Banca Nazionale del Lavoro S.p.A. - Hung Kong Brench - US\$ 100,000,000 Subordinated Floating Rate Depositary Receipts due 1999

In accordance with the terms of the Series Nº 3 Depositary Receipts (the "Receipts") described in the Pricing Supplement dated as of July 15, 1994, notice is hereby given that for the Interest Period from April 22, 1998 to July 22, 1998 the Re-ceipts will carry an Interest Rate of 6.0825% per annum.

The Interest Amount payable on the relevant Interest Payment Date, July 22, 1998 will be US\$ 6.13 per Receipt of The Calculation US\$ 400, US\$ 61.30 per Kredietbank Lucembourg Receipt of US\$ 4,000 and US\$ 612.99 per Receipt

DIAMONDS MOVE TO OFFSET OVERSUPPLY AND DOWNTURN IN JAPANESE DEMAND

tonnes, or 12 per cent, of the

world cocoa crop, said it was

dynamic growth in demand"

for its chocolate and cocoa

products that was considera-

It had decided to secure

over the coming two or three

The Ivory Coast is the

reduce government controls.

aimed to protect both its

own business and that of its

customers from the worst

short-term and medium-term

referred all inquiries on the

deal to their legal counsel,

who was unable to give any

However, some analysts

regarded the news as a bull-

ish development. "Global

cocoa stocks have already

been reduced to about 30 per cent of total demand and of

that one-third is already spo-

ken for," said Ms Ganes.

additional information.

Phibro

Commodities

Barry Callebaut said it

By William Hall in Zurich

30

The price of cocoa jumped sharply yesterday after Barry Callebaut, the world's leading cocoa processor and producer of industrial chocolate, bought a big part of the European cocoa stocks of Phibro Commodities, which had been overhapging the

Phibro, the commodity trading arm of Salomon Brothers, is believed to control around a quarter of the world's cocoa stocks. The company announced late last year it was "downsizing" Its cocoa trading operation following Salomon's acquisition by Travelers Group, the US financial services company.

Since then, cocoa prices have been under pressure bly greater than expected. amid fears that the group's new owners might liquidate part of its increased cocoa its huge cocoa holdings. potential threats to the sup-

Barry Callebaut, controlled by Klaus Jacobs, the Swiss-based financier, did not disclose the amount of cocoa bought but said it was "the major part" of Phibro's European cocoa stocks.

Analysts have estimated world's biggest cocoa pro-ducer and is plauning to that Phibro held between 300,000 and 500,000 tonnes of cocoa. Judith Gazes, of Merrill Lynch in New York, said the deal had not changed overall cocoa consumption patterns but had tightened the amount of cocoa available. She estimated that vagaries of the cocoa 280,000 to 300,000 tonnes might have been bought by Barry Callebaut.

When news of the deal reached the London International Financial Futures Exchange, the benchmark July cocoa contract surged £47 to £1.100 a tonne. By the end of trading, it had settled at £1,080, up £27 from Mon-

Barry Callebaut, which processes around 300,000

(Prices supplied by H M Robert

Cold Coles Krugerrand Maple Leaf

S once

307.20 307.50

308.30-308.60 307.00-307.30 307.40-307.90

375.00

\$ price 307-310

183.52

621,40 619,65

By Kenneth Gooding, Mining Correspondent De Beers cut its diamond sales by half in the first quarter of this year, analysts suggest, and the South African group is expected to continue this policy for another ondon 2nd position price (S per tonne) three months.

De Beers, which accounts for more than 60 per cent of the world's rough, or uncut, diamond trade, has been attempting to compensate for a substantial downturn in demand from Japan, the second biggest market for polished diamonds, and an oversupply of polished stones that emerged after the Asian financial crisis took hold in 1997.

Rough diamonds worth only US\$800m were released to traders at the first three monthly "sights" or sales by De Beers' London based Central Selling Organisation, according to the CRU International consultancy group. This compares with \$1.8bn in the same months of 1997.

Mark Cockle, executive editor of CRU's Diamond requirements against "the International publication, said the CSO's sales were at record levels in the first half ply of good quality cocoa of last year and this made years, especially in the light the contrast greater. of the impending liberalisa-"I expect the cuts to last

until July and there might be a return to more normal levels in August. We could see a reversal of the traditional pattern with the CSO's second-balf sales ravenue being higher than in the

the unseasonal rain in

coffee producer after Viet-

ever, has fallen by only 9.5 per cent to R1s3.26bn its coffee at Rs95.178 a tonne. up Rs14.256 a tonne on the 1996-97 average.

The Coffee Board's pre-

(\$333.3m) as India has sold cials. The board, however, its coffee at Rs95,178 a toppe, said the blossom showers next crop.

67,310

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5,559 3,873 3,942 3,913

4,113 2,367 863 26

+2.50

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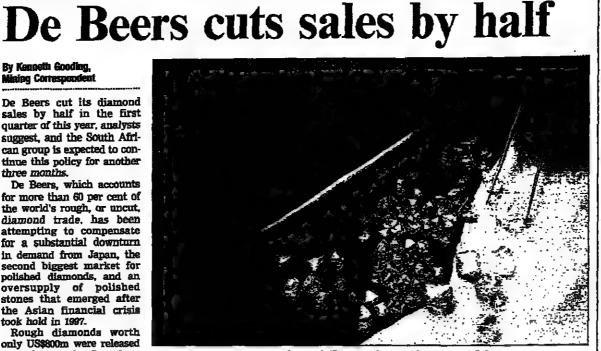
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Soyateans (US) Culture Outdook'A' index Viscotuspe (64e Super)

blossom first forecast of the cial: "The pre-blossom esti-

JOTTER PAD

exports have fallen 28 per crop at 243,400 tonnes, commute based on the likely much more vulnent cent to 199,343 tonnes in the prising 109,300 tonnes of fruit-bearing branches of drought than robusts."



On ice: analysts expect cuts in Central Selling Organ

president of the CSO, would not reveal the exact extent of the sales cuts yesterday but admitted they had been substantial and were having

the desired affect. "Confidence is returning to the trade," he insisted. This confidence would take time to be reflected in polished diamond prices, however, because too many traders were concentrating on

the US market. This was not only because it was the biggest diamond retail market, but also because it was the only one showing good growth - 8 per cent in 1997 and nearly 8 per

the CSO would continue to hold back rough diamonds from the market until it judged full confidence was He recalled that Japan's

imports of polished dia-monds had fallen by 25 per cent last year from their 1996 levels and were at a similarly reduced level this year. "I can't see the Japanese market recovering for a couple of years," he said.

had moved away from some of the diamond areas and Nevertheless, other factors were positive. In particular, these were not being worked uncontrolled rough diamond now, even by individual digexports from Angola and gers. Heavy rains had also kept down Angola's diamond Russia, which had destabilised the market in previous years, had virtually dried up.

Aluminium up on fall in stocks

MARKETS REPORT

Aluminium prices rose on the London Metal Exchange yesterday after enother fall in LME stocks was reported and news of production problems at Venalum in Vene-

An electrical failure caused Venalum to shut down part of a production line, putting about 50.000 tonnes of its 430,000 tonnes of annual capacity out of action. Venalum was not able to say immediately how long it would take to return to full working. LMR aluminium stocks are

now at their lowest since August 1991. However, ements that Reynolds Metal the third largest producer, and Pechiney, the fourth biggest, are to reactivate idled capacity bave affected sentiment, according to Nick Moore, analyst at Flemings Global Mining Group. "The rash of restarts leave very little room for manoeuvre if they prove to

be premature," he said. Aluminium for delivery in three months on the LME ended the day up \$22 a tonne at \$1,464.

Lloyd O'Carroll, formerly an economist with Reynolds and now producing an aluminium bulletin for Scott & Stringfellow, the Richmond, Virginia, financial services group, is forecasting LME cents from Monday's close.

and \$1,740 by the end of 1999. He is projecting a cyclical peak of just over \$1,900 in the first half of 2000.

HARACTAL STREETS MAN

Palladium set another record yesterday afternoon when the price was "fixed" in London at \$337 a troy ounce - the highest ever. Lack of supplies from Rus-

sia, the higgest producer, continued to cause concern. "This is a market that has ceased to function," said one analyst. "There is no liquidity to speak of. Everything has just ground to a halt."
Oil trading on London's International Petroleum Exchange began later than usual yesterday after a fire alert forced, the evacuation of the building. When trading did begin, half an hour late, dealers said the market

remained sluggish. "The only salient point is that Brent has broken through technical resistance at around \$1450," one dealer

it would subm.t an aid distribution plan within 10 days provided the prospect of ncreased oil exports. However, that was bal-

anced by a US complaint that Baghdad was failing to co-operate fully with United suggesting sanctions would stay in place.

Benchmark Frent crude for June delivery was \$14.50 a barrel in late triding, up 11

Size of Indian coffee harvest still in dispute

coffee crop in the 1997-98 season (July to June) is simost over, but the majority of planters are still contesting the production estimate of 228,000 tonnes by the Coffee Board. The board scaled down the original estimate of 232,000 tonnes following

Grains and DIL SEEDS

IN MEENT LIFFE (100 hours: I per hours)

November and December. According to the Planters Association of Karnataka, the southern state accounting for nearly 70 per cent of India's coffee production, the crop will be between 210,000 tonnes and 213,000 tonnes. India is Asia's third largest

inflicted by the winter rain, the growers in Karnatska had to contend with white stem borer and berry borer diseases," said an industry official.

As the controversy over the crop size has refused to die down, India's coffee

biggest producers, was rig-idly sticking to the terms of

the 13-month contract it

signed in October last year

diamond cartel organised by

the CSO.

when it rejoined the rough

Russia and the CSO would

meet next month and would

consider whether to roll for-

ward their contract for

another year, said Mr Oppen-

in Angola, the Unita forces

MEAT AND LIVESTOCK

IN LIVE CATALL CHE (40,0000s; cashes)

financial year to March. arabica and 133,100 tonnes of trees is not to be taken serison has also been challenged by growers and trade offiwould decide the fate of the

According to a trade offi-

robusts, for the 1998-99 sea- ously. We are laving a drought in all three coffee growing states in South India. The planters association is saving the gop will be at least 20 per cent lower than the board estinate. The shortfall will be nore in arabica coffee, which is much more vuinemble to

Man from Merchanism

275

MSE.

5750000000

The fact of the last

THE PERSON NAMED IN

27

COMMODITIES PRICES BASE METALS Procious Metals continued ME COLD COMEX (100 Trey oc.; Stray ac.) LONDON METAL EXCHANGE +3.3 311.5 308.0 55 379 +3.0 314.3 308.0 8,771 99,673 +3.0 316.0 311.3 142 8,144 +3.0 318.0 313.1 64 8,144 +3.1 321.0 315.3 726 16,908 +3.1 321.5 321.5 - 8,924 Cash Clace Previous High/len/ AM Official 1438.5-9.0 1484/1437 1469-10 1418-19 258.075 82.080 422.9 +1.0 421.0 421.0 3 418.9 +1.0 418.0 411.0 884 12 408.8 +1.0 408.0 404.5 4 405.9 +7.0 - - -EN ALUMENTUM ALLOY (5 per lonne 1315-20 1368-10 1319/1307 1285-90 1278-90 High/four AIA Official Kerb close Open (KI, Total Gully Issuette 1277-79 296.55 +10.45 297.90 287.10 290 4,334 274.55 +8.45 274.56 2770.00 78 935 287.85 +8.45 - 131 280 487 8,849 II LEAD G == ton 555-6 563 5-4.5 572.5-3.0 582/578 573-3.1 577-8 629.2 +7.8 637.5 615.5 8,778 34,000 634.0 +8.3 643.0 620.0 3,046 20,178 634.1 +8.6 636.0 624.0 106 5,599 633.8 +8.8 640.0 625.0 736 11,398 633.1 +8.8 - 188 631.3 +8.9 - 179 2,309 \$63.5-4 35,577 8,042 Open (N. Total doky luryoner MCKES, iS per loss 8675-30 6425-30 8550/\$410 5460-68 8840-80 Cigon Previous High/lost ENERGY 5365-70 CHIEFE CM, ATTACK (1.000 tarrels. Starrels Labest Day's price change High Low Ved Int. 15.43 +0.02 15.55 15.16 39.370 45,837 15.95 +0.04 16.04 15.76 47,901 125.3k 16.38 +0.12 16.38 16.15 12,419 54,445 16.64 +2.17 16.67 16.45 4,645 22,965 16.67 -0.08 16.51 16.87 3,539 25,461 16.96 +0.04 16.99 16.85 3,359 25,461 THE SECTION Previous High/kow AM Official 5670-75 16.4**84** 4.984 Latest Day's price change High Law 14.50 +0.11 14.57 14.52 14.70 +0.01 14.55 14.55 14.55 -0.02 15.14 14.35 15.20 -0.04 15.36 15.25 15.40 15.50 -0.14 16.77 15.73 Bi ZBIC, special high grado i≤ per konne Close Previous Highliore AM Official New Common art. Total daily turnious 1116-17 1103-4 1120/1104 1110-11 1114-18 10765-7.5 1064-65 M COPPER, grada A G per toline) 1858.5-59.5 1818.5-9.9 Literat Day's price change High Low Yeal Int. 4420 +0.53 44.20 4.35 8,477 33,785 44.80 +0.50 44.90 44.20 5,088 31,085 45.45 +0.35 45.45 44.95 1,483 18,838 46.15 +0.10 46.25 46.00 534 13,831 47.45 +0.45 47.45 47.25 341 11,980 64.86 46.86 48.87 48.95 18.87 7972 88.60 48.85 48.87 48.95 18.75 7972 High/low AM Official 1854-86 +0.35 45.45 44.85 1,483 18,838 +0.10 46.25 46.00 534 13,831 +0.45 47,45 47,25 341 11,980 +0.65 48,60 48.25 136 7,933 THE LINE AND Official E/S rate: 1.5786 LINE Closing E/S rate: 1.5770 Sets Day's Open price change High Law Vol let 137.75 +2.50 138.25 138.00 7.355 29.536 138.50 +2.00 140.00 137.00 3,057 17,721 141.25 +1.75 141.25 139.50 141.25 +2.25 142.00 142.50 148.75 +2.25 145.75 145.00 140.75 +2.00 148.00 148.75 34.40 +0.95 85.20 82.75 107 2.491 14.55 +0.90 85.90 83.50 10.99 16.918 84.25 +0.60 84.90 84.50 13 1.572 83.95 +0.20 84.90 84.90 56 5.585 M NATURAL BAS PE (1,000 perms; pece per berm) PRECIOUS METALS S LONGOUS REALISM WARREST

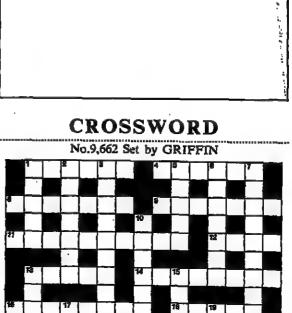
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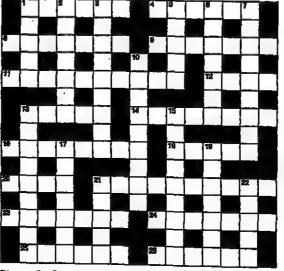
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L		+0.80		77.76	25		7	1081	+20	1100			21,386	Jan					67.200		44,993
-		+0.80	-	-	_	143		1000	+25	1378	1096	1,607	22.256						(ALAO)		20,511
igW				78.00		3,082 528		1117	121				32,384	Out					89.275		12.23
90 101	60.00	+(rūn	80,00	79.75		7,226		1137 1131	+17	1152			39,744 13,139	Dec Pab					70,000 71,060	595 107	1,280
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y H						24,487 60,084		1890	+28	1715	1864	326	1.814		80.4	75 - T.	975	RI 250	59.850	4.80	14,173
	321.25	+2.75	323.75	319.00	835	10,240	dad	1880	+26	1990			25,796	10					58.950		5,555
	384,25						-	1890		1704	1683		10,248						58.900	612	3,873
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	onding.	TIME	and the	33200		114,406							3,668	Per I					57.500	22	504
	व्य का ह	,000 tm	entry on									11,554	71,015	Total							34,004
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7	284.25					684	iliny	1960	+6				16,241	ile						50	160
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					15		Name of Street	147.80						88.7%				ميل	Sep	- Jun	500
60		(BI fl.	DOM: S			_		143.45 137.50	-2.05	140.25	137.50	494	5.388	1450 .				. 33 . 14 . 6	71 48	32 87	45 72
y	630,75						Sep Dec	131,15	-1.80	133.50	132.00	189	4,713	1550				. 6	30	104	103
	650.50 649.75						May	127.50 125.55					1,582	H 00	177				•		
7	634,00					2,737	Total	IESAN	-1,00	120.00			30,244					سن	Sep.	فول	300
1	625.75	+8.25	628.50	614.00	5,078	35,570		ates (con) (15 cent	(tours)				1700 .	_			. 180	179	10	40
	133.00	+8.50	635.00	\$22.00		1,890 147,300	Apr 20					-	Tex. det	1800 , 1900				- 106 - 51	119 73	34 80	77 130
	ABEAN O	S (30)	een naar	her nant		194 2000	Comp.	duly areaqe		123,	73		123.78		HE	UFFE		. Jul	Sep	Joi	See
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e y						36,021 79,241	3 PH	TE SUGAR	LIFTE (5	0 2007 0	s, \$/\u	me)		1900 .				. 62 . 75	120	67	140
	29.10	+0.28	29.15	28.63	2,960	15,080	Ang	252.3	-	255.8	252.0	1,954	17,491						104	100	174
er) ed		+0.30	28.85 28.40	27.55		7,759	Oct Dec	256.3 260.8					9,123 1,435	- CO				, Je	Sep.	J#	Sep.
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200								200-2	-0.7	COQL 2	266.5	- 6	1.062					_ 99	100		
ec otal	40.01			4,20		183,670	May	271.0	-0.7	271.0		3		1100				. 30 . 30	61 50	49	30 51
	DAISAL W				41,245		May	271.0		271.0	271.0	3	506 102	1100				. 30 . 30 	50 Jul	49 149	
			no.	WE 57	44,246 US		May Aug Total	271.0 272.6	-0.7 -4.2	271.0 274.0	271.0 274.0	3 1 2,567	506	1100 . M 82	еп с	REFOR	P.	. 30 Jan . *	50	49	
	160.7 162.5	+1.i +2.0	161.7 162.9	158.8 160.2	41,245 45,725 10,156	183,670 30,192 51,331	May Aug Total W SUS	271.0 272.6 MAR "11" CS	-0.7 -4.2 CE (112	271.0 274.0 ,0000cs	271.0 274.0 cents/f	2,362 2,362 hs)	506 102 29,718	1100 . 11 81 1400 . 1450 .	еп с	REDE	P.	. 30 Jan . 57	50 Jul	49 Jun :	
	160.7 162.5 164.1	+1.1 +2.0 +2.3	161.7 162.9 164.2	158.8 160.2 161.8	8,725 10,156 1,578	30,192 51,331 17,263	May Aug Total 10 SUG	271.0 272.6 AR "11" CS 9.15	-0.7 -4.2 CE (112 +0.15	271.0 274.0 ,0000es;	271.0 274.0 cents/f	2,567 bs) 6,164	506 102 29,718 39,163	1100 . M 82	еп с	REDE	P.	. 30 Jan . 57	50 Jul	49 Jun	
	160.7 162.5	+1.i +2.0 +2.3 +1.6 +2.1	161.7 162.9 164.2 164.5 184.5	158.8 160.2 161.8 163.0 162.0	8,725 10,156 1,578 1,054	30,192 51,331 17,263 11,981 5,572	May Aug Total W SUS	271.0 272.5 MAR "11" CS 9.15 8.99 9.25	-0.7 -4.2 CE (112 +0.10 +0.12 +0.11	271.0 274.0 ,00000; 9.33 9.10 9.33	271.0 274.0 cents/T 9.09 8.91 9.20	3 1 2,362 6,164 9,074 2,470	506 102 29,719 39,163 75,109 48,672	1100 . 11 81 1400 . 1450 .	еп с	REDE	P.	. 30 Jan . 57	50 Jul	49 Jun :	
	160.7 162.5 164.1 164.5	+1.i +2.0 +2.3 +1.6 +2.1	161.7 162.9 164.2 164.5 184.5	158.5 160.2 161.8 163.0 162.0 164.3	8,725 10,156 1,878 1,054 1,310	30,192 51,331 17,263 11,981 5,572 19,637	May Ang Total M SUG May Jul Oct May	271.0 272.6 272.6 9.15 8.99 9.26 9.70	-0.7 -4.2 CE (112 +0.10 +0.12 +0.11 +0.09	271.0 274.0 ,0000bs; 9.33 9.10 9.33 9.80	271.0 274.0 284.0 8.00 8.97 9.20 9.85	2,362 6,164 9,074 2,470 1,072	508 102 29,719 39,163 75,109 48,572 21,967	1100 . 21 81 1400 . 1450 . 1500 .		REDE	R	. 30 Jan . 57	50 Jul - 56	49 Jun - - 76	**
	160.7 162.5 164.1 164.5 184.4 167.1	+1.1 +2.0 +2.3 +1.6 +2.1 +2.1	161.7 162.9 164.2 164.5 184.5 167.8	158.8 160.2 161.8 163.0 162.0 164.3	8,725 10,156 1,878 1,054 1,310 23,821	30,192 51,331 17,263 11,981 5,572 19,637	May Aug Total W SUS May Jul Oct May Hey	271.0 272.5 4AR "11" CS 9.15 8.99 9.25 9.70 8.76	-0.7 -4.2 +0.10 +0.12 +0.11 +0.08 +0.08	271.0 274.0 9.33 9.10 9.33 9.80 9.79	271.0 274.0 274.0 9.09 8.97 9.20 9.85 9.71	2,369 6,164 9,074 2,470 1,072 101	506 102 29,718 39,163 75,109 48,572 21,967 3,030	1100 . 11 88 1400 . 1450 . 1500 .	ENT C	N S	P(30 37	50 Jul	49 Jun : 78	50 50 50 50 50 50 50 50 50 50 50 50 50 5
	160.7 162.5 164.1 164.5 184.4	+1.1 +2.0 +2.3 +1.6 +2.1 +2.1	161.7 162.9 164.2 164.5 184.5 167.8	158.8 160.2 161.8 163.0 162.0 164.3	8,725 10,156 1,878 1,054 1,310 23,821	30,192 51,331 17,263 11,981 5,572 19,537 138,868	May Aug Total M SUG May Jul Oct Mar	271.0 272.6 272.6 9.15 8.99 9.26 9.70	-0.7 -4.2 +0.10 +0.12 +0.11 +0.08 +0.08	271.0 274.0 ,0000bs; 9.33 9.10 9.33 9.80	271.0 274.0 284.0 9.09 8.91 9.20 9.85 9.71 9.84	2,350 6,184 9,074 2,470 1,072 101 35	508 102 29,719 39,163 75,109 48,572 21,967	1100 . 21 81 1400 . 1450 . 1500 .	ENT C	N S	P(30 37	50 Jul - 56	49 Jun : 78	**
	160.7 162.5 164.1 164.5 194.4 167.1	+1.1 +2.0 +2.3 +1.6 +2.1 +2.2 +2.2	161.7 162.9 164.2 164.5 184.5 167.8	158.5 160.2 181.8 183.0 162.0 184.3	8,725 10,156 1,570 1,054 113 1,310 23,621	30,192 51,331 17,263 11,981 5,572 19,631 134,665	May Aug Total M SUG May Jul Oct Mar Hey Jul Tetal	271.0 272.5 4AR "11" CS 9.15 8.99 9.25 9.70 8.76	-0.7 -4.2 +0.15 +0.12 +0.11 +0.08 +0.08	271.0 274.0 9.33 9.10 9.33 9.80 9.79 9.84	271,0 274,0 9,09 8,97 9,20 9,25 9,71 9,84	2,350 6,184 9,074 2,470 1,072 101 35	506 102 29,718 39,163 75,109 48,572 21,967 3,030 3,489	1100 . 11 82 1400 . 1450 . 1500 .	IDO IDO	N S	P()	. 30 Jun . 37 	30 Jul : 94 LARK	49 Jun : 78	51 35 35
	190.7 162.5 164.1 164.5 194.4 167.1	+1.i +2.0 +2.3 +1.6 +2.1 +2.1	161.7 162.9 164.2 164.5 184.5 167.8	158.5 160.2 161.8 163.0 162.0 164.3	8,725 10,156 1,676 1,054 11,310 23,821	\$0,192 51,231 17,263 11,981 5,572 19,631 136,865	May Aug Total W SUG May Jul Det May Jul Tetal M COT	271.0 272.5 AR "11" CS 9.15 8.99 9.25 9.70 8.76 9.82	-0.7 -4.2 +0.15 +0.12 +0.11 +0.08 +0.08	271.0 274.0 0000cc 9.33 9.10 9.33 9.80 9.79 9.84	271.0 274.0 274.0 8.09 8.91 9.20 9.85 9.71 9.84	3 1 2,362 6,164 9,074 2,470 1,072 101 35 18,963 1	506 102 29,719 39,163 75,109 48,572 21,967 3,489 194,276	1100 82 1400 1450 1500 LON B. Cla	IDO	N S	PO per	. 30 Jan . 37 . 37 berref)	50 Jul 56 LARK 298-30 382-31	49 Jun 78 ETS	51 35
	160.7 162.5 164.1 164.5 194.4 167.1	+1.1 +2.0 +2.3 +1.6 +2.1 +2.2 +2.2 +2.0	161.7 162.9 164.2 164.5 184.5 167.8	158.5 160.2 181.8 183.0 162.0 184.3	8,725 10,156 1,570 1,054 113 1,310 23,621	\$0,192 \$0,192 \$1,263 17,263 11,981 5,572 19,637 134,668	May Aug Total M SUG May Jul Oct Mar Hey Jul Tetal	271.5 272.5 9.15 8.99 9.25 9.70 9.76 9.82	-0.7 -4.2 +0.15 +0.12 +0.11 +0.08 +0.08	271.0 274.0 9.33 9.10 9.33 9.80 9.79 9.84 82.80 84.40	271.0 274.0 274.0 8.09 8.89 9.20 9.85 9.71 9.84	3 1 2,362 6,184 9,074 2,470 1,072 101 35 18,993 18,993 7,364	506 102 22,718 39,163 75,109 48,572 2,957 2,957 3,489 194,276 194,276	1100 . 11 82 1400 . 1450 . 1500 .	IDO IDO IDE O	IN S	PO per	. 30 Jun . 37 . 37 berrei) S1: S1: S1:	50 Jul 56 UARK 2.98-3.0 3.82-3.6 4.62-4.6	49 Jun 78 ETS 8z + 18 8z + 18	51 35
	190.7 162.5 164.1 164.5 194.4 167.1 ATOES 13 72.0 64.0	+1.i +2.0 +2.3 +1.6 +2.1 +2.2 +2.2 +2.0	161.7 162.9 164.2 164.2 184.5 184.5	158.8 160.2 181.8 163.0 162.0 164.3	8,725 10,156 1,570 1,054 110 1,310 23,621	\$0,182 51,231 17,263 11,981 5,572 19,631 132,665	May Aug Total M SUG May Jul Tetal M Got May Jul Tetal M Got May Jul Oct	271.0 271.5 4AR "11" CS 9.15 8.25 9.70 9.76 9.82 170 MYC2 82.34 84.04 86.73	-0.7 -4.2 +0.15 +0.12 +0.11 +0.08 +0.08 +0.08	271.0 274.0 00000; 9.33 9.10 9.33 9.80 9.79 9.84 82.80 64.40 67.36	271.0 274.0 284.0 9.09 8.91 9.20 9.85 9.71 9.84 62.20 63.90 66.70	3 1 2,562 6,184 9,074 2,470 1,072 191 35 18,963 18,963 17,364 346	506 102 29,718 39,163 75,109 48,672 21,987 3,489 194,276 2,781 2,781 2,781 2,781 2,781 2,781 2,781 2,781	1100 32 1400 1450 1500 Clare Street !! Brent !! Brent !! W.T.L.	IDO IDO IDE OI	N S L FOS (dated)	PO	. 30 Jun . 37 . 37 berrel) S1: S1: S1:	50 Jul 56 LARK 298-30 382-31	49 Jun 76 ETS 8z + 8s + 8s +	51 35
	160.7 162.5 164.1 164.5 184.4 167.1 ATOES 12 72.0 80.0 64.0 82.0 148.0	+1.i +2.0 +2.3 +1.6 +2.1 +2.2 +2.0 +2.0	161.7 162.9 164.2 164.5 164.5 167.3	158.8 160.2 161.8 163.0 162.0 184.3	8,725 10,156 1,570 1,654 110 1,310 22,621	30,192 51,331 17,263 11,981 5,672 19,637 134,663	May Aug Total Mr SUG May Jul May Jul May Jul May Jul May Jol Oct Dec Oct Dec	271.0 271.6 AR '11' CS 9.15 8.89 9.25 9.70 8.70 8.72 84.04 66.73 66.26	-0.7 -4.2 +0.15 +0.12 +0.11 +0.08 +0.08 +0.08 -0.16 -0.27 -0.14	271.0 274.0 0000c; 9.33 9.10 9.33 9.80 9.79 9.84 82.80 67.35 68.75	271.0 274.0 281571 9.09 9.85 9.71 9.84 62.20 66.70 98.20	3 1 2,562 6,184 9,074 2,470 1,072 191 35 18,963 18,963 17,364 346 2,683	506 102 28,718 39,163 75,109 48,572 21,987 3,030 3,489 194,276 194,276 29,162 3,669 31,913	1100 32 1400 1450 1500	IDO DOE OF	N S L FOB (dated) (Ara)	P()	. 30 Jun 57 57 S1: S1: S1: rospt.(50 Jul 56 LARK 2.98-3.0 3.82-3.6 4.62-4.6 5.13-6.11 Solvery (49 Jun 78 78 8z + 8s + 8s + 5sc +	51 36
	190.7 162.5 164.1 164.5 194.4 167.1 ATOES 12 72.0 80.0 64.0 82.0	+1.i +2.0 +2.3 +1.6 +2.1 +2.2 +2.0 +2.0	161.7 162.9 164.2 164.5 184.5 187.8	158.5 160.2 161.8 163.0 162.0 264.3 E per to	8,725 10,158 1,578 1,054 1,310 22,521	30,192 51,331 17,263 11,363 11,363 11,9,631 134,868	May Ang Total Sulfary Jul Oct Mar Total May Jul Oct Dec Her Her May Jul May	271.0 271.5 4AR "11" CS 9.15 8.25 9.70 9.76 9.82 170 MYC2 82.34 84.04 86.73	-0.7 -4.2 +0.15 +0.12 +0.11 +0.08 +0.08 -0.16 -0.27 -0.14 -0.23	271.0 274.0 00000s; 9.33 9.10 9.33 9.80 9.79 9.84 82.80 84.40 84.40 861.75 70.20	271.0 274.0 274.0 8.09 8.91 9.20 9.85 9.71 9.84 62.20 63.70 64.70 70.45	9,184 9,074 2,470 1,072 101 35 18,993 17,364 346 346	506 102 28,718 39,163 39,163 75,109 48,572 21,997 3,099 34,899 194,276 9,761 28,162 3,669 31,813 8,405 2,614	1900 See See See See See See See See See	IDO IDO IDE OF	N S L FOB (dated) (April	P()	. 30 Jan . 37 . 37 . 31 S11 S10 Frompt (50 Jul - - - - - - - - - - - - - - - - - - -	49 Jun 76 ETS 8x + 165 +	51 36 - 0.105 0.075 0.125 -0.125 -1.12
	150.7 150.7 164.5 164.1 164.5 194.4 167.1 ATOMS 12 72.0 80.0 64.0 82.0 148.0	+1.i +2.0 +2.3 +1.6 +2.1 +2.2 +2.0 +2.0	161.7 162.9 164.2 164.2 164.5 167.3	158.5 160.2 161.8 163.0 162.0 164.3 164.0 144.0	8,725 10,158 1,578 1,054 1,310 22,521	\$0,192 51,331 17,263 11,263 11,263 11,263 15,572 19,637 134,668	May Ang Total M. SUR May Jul Oct May Jul Oct Dec May Total	271.5 271.5 271.5 271.5 2.15 2.15 2.70 2.75 2.70 2.75 2.75 2.75 2.75 2.75 2.75 2.75 2.75	-0.7 -4.2 +0.15 +0.12 +0.11 +0.08 +0.08 +0.08 -0.16 -0.27 -0.23 -0.10	271.0 274.0 00000; 9.33 9.10 9.79 9.84 62.80 67.75 70.20 70.90	271.0 \$74.0 \$.69 \$.87 \$.29 \$.85 \$.71 \$.84 \$2.20 \$63.90 \$65.70 \$62.70 \$70.45	9,184 9,074 2,470 1,072 101 35 18,993 17,364 346 346	506 102 28,718 39,163 39,163 75,109 48,572 21,397 3,489 194,276 29,162 3,663 3,673 3,873 3,873 3,873 8,465	1400 See 1400 1450 1500 Clear I See 1	IDO IDE OF Blend (PROD ID Ges	N S L FOB (dated) (April	P()	. 30 Jun . 37 . 37 . 31 Strompt 6	50 Jul - - - - - - - - - - - - - - - - - - -	49 Jun 76 8z + 18 + 18 + 18 + 18 + 18 + 18 + 18 +	51 36
	150.7 150.7 162.5 164.5 164.5 164.6 167.1 20.0 64.0 82.0 148.0 148.0	+1.i +2.0 +2.3 +1.6 +2.2 +2.2 +2.2 +8.0	161.7 162.9 164.2 164.5 184.5 187.8	158.8 160.2 181.8 163.0 162.0 164.3 164.0 144.0	8,725 10,158 1,578 1,054 1,310 22,521	\$0,192 51,331 17,263 11,263 11,981 15,572 19,637 134,665	May Ang Total M. SUR May Jul Oct May Jul Oct Dec May Total	271.0 271.8 487 11' CS 9.15 8.59 9.27 9.70 9.70 9.70 9.82 46.84 66.73 66.73 66.75 68.60	-0.7 -4.2 +0.15 +0.12 +0.11 +0.08 +0.08 +0.08 -0.16 -0.27 -0.23 -0.10	271.0 274.0 00000; 9.33 9.10 9.79 9.84 62.80 67.75 70.20 70.90	271.0 \$74.0 \$.69 \$.87 \$.29 \$.85 \$.71 \$.84 \$2.20 \$63.90 \$65.70 \$62.70 \$70.45	9,184 9,074 2,470 1,072 101 35 18,993 17,364 346 346	506 102 28,718 39,163 39,163 75,109 48,572 21,997 3,099 34,899 194,276 9,761 28,162 3,669 31,813 8,405 2,614	1100 Sin	(D)O JUE OI Bleed () PMOO	N S L FOB (dated) (April	P()	SIT Married) SIT	50 Jul 	49 Jun 78 ETS 82 + 1 82 + 1 83 + 1 84 + 1 85 + 1	51 36
	160.7 162.5 164.1 164.5 194.4 167.1 172.0 80.0 64.0 148.0 148.0 1025 1025 1000	+1.i +2.0 +2.3 +1.6 +2.1 +2.1 +2.2 +2.0 +8.0	161.7 161.7 162.9 164.2 164.5 167.8 167.8	158.8 160.2 161.8 163.0 162.0 164.3 164.0 144.0 1035	8,725 10,156 1,578 1,578 1,310 23,821	\$0,192 51,231 17,263 11,263 11,263 11,263 13,665 276 3 	May Ang Total M. SUR May Jul Oct May Jul Oct Dec May Total	271.5 271.5 288 11° CS 9.15 8.89 9.25 9.70 8.76 9.82 84.64 84.64 85.25 882.70 70.45	-0.7 -4.2 +0.15 +0.15 +0.11 +0.08 +0.08 +0.08 -0.16 -0.27 -0.14 -0.23 -0.10	271.0 274.0 00000; 9.33 9.50 9.79 9.84 82.80 64.40 70.90	271.0 274.0 8.09 8.97 9.20 9.85 9.71 9.84 62.20 63.90 66.70 70.45	3 1 2,582 6,164 9,074 2,470 101 35 18,993 118,993 118,993 118,993 118,993 118,993	506 102 28,718 39,163 39,163 75,109 48,572 21,997 3,099 34,899 194,276 9,761 28,162 3,669 31,813 8,405 2,614	1100 110	(D)O JUE OI Bleed () PMOO	N S L FOB (dated) (April	P()	Jun 57 ST	50 Jul 58 2.98-3.0 3.82-3.8 4.62-4.6 5.13-6.11 544-67-145 1130-133 147-145	49 Jun - 76 76 8z + 1 8z + 1 75 75 75 75 75 75 75 75 75 75 75 75 75	51 36
	150.7 150.7 162.5 164.5 164.5 164.6 167.1 20.0 64.0 82.0 148.0 148.0	+1.i +2.0 +2.3 +1.6 +2.2 +2.2 +2.2 +8.0	161.7 162.9 164.2 164.2 164.5 167.3	158.8 160.2 181.8 163.0 162.0 164.3 164.0 144.0	8,725 10,158 1,578 1,054 1,310 22,521	30,182 51,231 77,263 11,981 5,572 19,577 134,665 276 3 3 61 937 532 43 43 43 43 43	Hey Ang Total Mr SUE May Jul Oct Mar Total Mr CON May Jul Oct Dec May Jul Oct Dec May Jul Oct May Jul Mr CON May Jul Mr CON Mr C	271.5 271.5 271.5 271.5 271.5 2.15 2.27 2.77 2.77 2.77 2.77 2.77 2.77 2.7	-0.7 -4.2 +0.10 +0.12 +0.11 +0.08 +0.08 +0.08 -0.04 -0.27 -0.14 -0.10 -1.45 -1.45	271.0 274.0 9.33 9.10 9.33 9.78 9.84 9.78 9.84 9.70 9.70 9.70 9.70 9.70 9.70 9.70 9.70	271.0 374.0 8.09 8.87 9.20 9.85 2.77 9.84 62.20 66.70 88.20 66.70 88.20 66.70 88.20 69.70 70.46	3 1 2,552 6,184 9,074 2,470 1071 35 2,863 116 2,863 116 16,082	506 102 29,718 39,163 75,103 75,103 75,103 3,483 194,275 3,483 194,275 3,669 31,813 8,465 2,614 88,682	1100 Sin	IDO DOE OF Blend (PNOO En Gas Feel O	M S L FOB (dated) (dated) (dated)	PO (per l	. 30 Jun	50 Jul 	49 Jun - 76 76 8z + 1 8z + 1 75 75 75 75 75 75 75 75 75 75 75 75 75	51 36
(1) 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	190.7 192.5 194.1 194.5 194.4 197.2 ATOM II 20.0 64.0 82.0 148.0 1025 1025 1025 1025	+1.1 +2.0 +2.0 +2.1 +2.1 +2.1 +2.1 +2.1 +2.1 +2.1 +2.1	161.7 162.9 164.5 164.5 167.3 168.0 168.0 168.0 168.0 168.0	158.8 169.2 181.8 163.0 162.0 184.3 E per tr	44,246 8,725 10,156 1,570 1,57	163,670 \$0,182 51,263 17,263 11,981 5,872 138,865 276 3 3 661 927 532 531 43 314 138 58 58	Hey Ang Total III SUR Hery Jul Blar Total Blar Total Blar Sup Jul Blar Total Blar Sup Jul Blar Sup Jul Blar Sup Jul Blar Sup Jul Blar Sup	271.9 272.8 ARR *11° CS 9.1% A.RR *12° CS 9.70 ARR *12° C	-0.7 -4.2 05 (112 +0.10 +0.12 +0.11 +0.08 +0.08 +0.08 -0.14 -0.27 -0.14 -0.23 -0.10	271.0 274.0 9.33 9.10 9.33 9.87 9.84 9.84 9.84 9.85 98.75 70.20 70.90	271.0 374.0 9.09 9.85 9.20 9.85 9.84 62.20 63.70 70.46 92.00 90 90 90 90 90 90 90 90 90 90 90 90 9	3 1 2,562 6,164 2,470 10,072 101 35 5,241 7,364 2,883 1166 16,882 246 16,882 984 1,067 143	506 102 22,718 39,163 75,103 75,103 3,163 3,489 194,276 2,761 2,76	1100 1100 1100 1100 1450 1450 1500 1500 Debel Strent ! & The Color of	IDO IDO IDO IDO IDO IDO IDO IDO IDO IDO	M S L FOB (dated) (dated) (dated)	PO (per l	Single Si	50 Jul - 56 LARM 2.98-3.0 3.82-3.8 4.52-4.6 5.13-6.1 139-140 139-140 130-133 147-148 142-143	49 Jun - 76 ETS	51 ## 0.1055 0.1251 0.1055 0.1251 0.1
	150.7 102.5 194.4 157.2 194.4 157.2 194.4 157.2 194.4 157.2 194.4 157.2 194.4 157.2 194.0 105.0	+1.1 +2.0 +2.0 +2.1 +2.0 +2.0 +2.1 +2.0 +2.0 +2.0 +2.0 +2.0 +2.0 +2.0 +2.0	161.7 162.9 164.5 164.5 167.3 168.0 168.0 168.0 168.0 168.0	158.8 169.2 181.8 163.0 162.0 184.3 E per tr	8,725 10,156 1,576 1,576 1,570 1,370 22,621 139 139 139 149 1 23 - 6 4	30,182 51,231 77,263 11,981 5,572 19,577 134,665 276 3 3 61 937 532 43 43 43 43 43	Hey Ang Total III SUR Hay Jul Oct Hay Hay Jul Sup Hay Jul Oct Hay	271.9 272.5 271.5 271.5 271.5 2.15 2.25 2.27 2.70 2.70 2.70 2.70 2.70 2.70 2.70	-0.7 -4.2 +0.10 +0.12 +0.11 +0.08 +0.08 +0.08 -0.04 -0.27 -0.14 -0.10 -1.45 -1.45 -1.25 -1.25 -1.25	271.0 274.0 0000b; 9.32 9.10 9.33 9.78 9.84 9.78 9.84 9.73 9.71 9.94 9.73 9.71 9.94 9.73 9.71 9.94 9.73 9.73 9.73 9.73 9.73 9.74 9.74 9.74 9.74 9.74 9.74 9.74 9.74	271.0 274.0 8.09 8.91 9.20 9.21 9.24 9.24 9.24 9.24 9.24 9.24 9.24 9.24	3 1 2,568 6,164 6,	506 102 22,718 39,163 75,109 48,572 21,930 3,489 191,276 28,162 3,689 2,761 28,162 3,682 10,748 10,080 4,889	1100 28	IDO IDO IDO IDO IDO IDO IDO IDO IDO IDO	M S L FOB (dated) (dated) M Gas (PC (per l	30 Jun 37 37 37 37 37 37 37 37 37 37 37 37 37	50 Jul - - - - - - - - - - - - - - - - - - -	49 Jun 776 ETS	51 36
	1902-5 194.4 167.1 194.5 194.4 167.1 195.5 194.4 167.1 195.5 196.5	+1.1 +2.0 +2.0 +2.1 +2.0 +2.0 +2.1 +2.0 +2.0 +2.0 +2.0 +2.0 +2.0 +2.0 +2.0	161.7 162.9 164.5 164.5 167.3 168.0 168.0 168.0 168.0 168.0	158.8 169.2 181.8 163.0 162.0 184.3 E per tr	44,246 8,725 10,156 1,570 1,57	163,670 \$0,162 \$1,331 17,263 11,981 5,872 138,865 276 3 3 661 937 532 531 43 314 138 58 58 58 58 58 58 58 58 58 5	Hey Ang Total III SUR Hery Jul Blar Total Blar Total Blar Sup Jul Blar Total Blar Sup Jul Blar Sup Jul Blar Sup Jul Blar Sup Jul Blar Sup	271.9 272.8 ARR *11° CS 9.1% A.RR *12° CS 9.70 ARR *12° C	-0.7 -4.2 +0.10 +0.12 +0.11 +0.08 +0.08 +0.08 -0.27 -0.14 -0.23 -0.10 -1.45 -1.25 -1.25 -1.25 -1.25	271.0 274.0 0000b; 9.32 9.10 9.33 9.87 9.84 9.84 9.87 9.84 9.75 70.20 70.20 9.43 9.75 9.60 9.60 9.60 9.60 9.60 9.60 9.60 9.60	271.0 274.0 8.09 8.97 9.20 9.57 9.84 62.20 68.70 71.46 91.60 92.10 92.10 93.10	3 1 2,568 6,164 6,	506 102 29,718 39,163 75,109 48,572 21,937 3,489 194,278 3,669 31,813 8,405 2,614 58,605 2,614 58,605 10,748 10,080 4,889 10,748 11,357	1100 . Mi 82 . 1400 . 1400 . 1400 . 1400 . 1500	IDO IDO OIDE OI Blend (PROD ID Ges I Ges	M S L FOB (dated) (dated) M Gas (PC (per l	30 Jun 37 37 37 37 37 37 37 37 37 37 37 37 37	50 Jul - 56 LARM 2.98-3.0 3.82-3.8 4.52-4.6 5.13-6.1 139-140 139-140 130-133 147-148 142-143	49 Jun 776 ETS	51 ## 0.1055 0.1251 0.1055 0.1251 0.1
	1904 1904 1904 1944 197.1 20.0 1944 197.1 20.0 1985 1985 1985 1985 1985 1985 1985 1985	+1.1 +2.0 +1.6 +2.1 +2.2 +2.0 +2.0 +1.0 +1.0 +1.0 +1.0 +1.0 +1.0 +1.0 +1	161.7 161.7 162.9 164.2 164.5 164.5 154.5 157.8 148.0 1039 1039 1039	158.6 169.2 161.8 163.0 163.0 164.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5	44,246 8,725 10,156 1,570 1,57	163,670 \$0,162 \$1,331 17,263 11,981 5,872 138,865 276 3 3 661 937 532 531 43 314 138 58 58 58 58 58 58 58 58 58 5	Hey Ang Total May Jul Oct Har Total May Jul Oct Dec Har Hay Jul Oct Dec Har Hay Jul Sup Hay	271.5 271.5 271.5 271.5 271.5 2.15 2.27 2.70 2.70 2.70 2.70 2.70 2.70 2.70	-0.7 -4.2 +0.10 +0.12 +0.11 +0.08 +0.08 +0.08 -0.27 -0.14 -0.23 -0.10 -1.45 -1.25 -1.25 -1.25 -1.25	271.0 274.0 0000b; 9.32 9.10 9.33 9.87 9.84 9.84 9.87 9.84 9.75 70.20 70.20 9.43 9.75 9.60 9.60 9.60 9.60 9.60 9.60 9.60 9.60	271.0 274.0 8.09 8.97 9.20 9.57 9.84 62.20 68.70 71.46 91.60 92.10 92.10 93.10	3 1 2,568 hs;	506 102 22,718 39,163 75,109 48,572 21,930 3,489 191,276 28,162 3,689 2,761 28,162 3,682 10,748 10,080 4,889	1100 . Mi 82 . Mi 1400 . 1400 . 1400 . 1400 . 1400 . 1500	IDO	AN SAL FOR A CONTRACTOR OF THE	Pace	30 Jun 37 37 37 37 37 37 37 37 37 37 37 37 37	50 Jul - - - - - - - - - - - - - - - - - - -	49 Jun 776 ETS	51 ## 0.1055 0.1251 0.1055 0.1251 0.1
	1902-5 194.4 167.1 194.5 194.4 167.1 195.5 194.4 167.1 195.5 196.5	+1.1 +2.0 +1.6 +2.1 +2.2 +2.0 +2.0 +1.0 +1.0 +1.0 +1.0 +1.0 +1.0 +1.0 +1	161.7 161.7 162.9 164.2 164.5 164.5 154.5 157.8 148.0 1039 1039 1039	158.6 169.2 161.8 163.0 163.0 164.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5 163.0 163.5	44,246 8,725 10,156 1,570 1,57	163,670 \$0,162 \$1,331 17,263 11,981 5,872 138,865 276 3 3 661 937 532 531 43 314 138 58 58 58 58 58 58 58 58 58 5	Hey Ang Total III SUE Hay Jul Doc Diar Total III SUE Hay Jul Doc Diar Total III SUE Hay Jul Ha	271.5 271.5 271.5 271.5 271.5 2.15 2.27 2.70 2.70 2.70 2.70 2.70 2.70 2.70	-0.7 -4.2 +0.10 +0.12 +0.11 +0.08 +0.08 +0.08 -0.27 -0.14 -0.23 -0.10 -1.45 -1.25 -1.25 -1.25 -1.25	271.0 274.0 0000b; 9.32 9.10 9.33 9.87 9.84 9.84 9.87 9.84 9.77 9.84 9.77 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.9	271.0 274.0 8.09 8.97 9.20 9.57 9.84 62.20 68.70 71.46 91.60 92.10 92.10 93.10	3 1 2,568 hs;	506 102 29,718 39,163 75,109 48,572 27,587 3,689 194,276 9,761 29,162 3,669 3,781 29,162 3,669 3,781 4,889 4,889 4,889 4,889 4,889 4,889 4,889 4,889 4,889 4,889 6,811	1100 . M 80 . M	IDO IDO IDO IDO IDO IDO IDO IDO IDO IDO	N S L FOB (dated) (dated) (dated) (dated) (dated) (dated) (dated) (dated)	PO Der	30 Jun 577 N	50 Jul - - - - - - - - - - - - - - - - - - -	49 Jun 76 ETS	51 Jan 200 105 105 105 105 105 105 105 105 105 1
	1904 1904 1904 1944 197.1 20.0 1944 197.1 20.0 1985 1985 1985 1985 1985 1985 1985 1985	+1.1 +2.0 +2.0 +2.1 +2.1 +2.1 +2.1 +2.0 +2.0 +3.0 +1.0 +1.0 +1.0 +1.0 +1.0 +1.0 +1.0 +1	161.7 162.9 164.2 164.2 164.5 164.5 165.5 165.6 165.6 165.6 165.6 165.6 165.6 166.0 166.0	158.8 169.2 181.8 163.0 162.0 164.0 162.0 164.0	44,246 8,725 10,156 1,570 1,57	163,670 \$0,162 \$1,331 17,263 11,981 5,872 138,865 276 3 3 661 937 532 531 43 314 138 58 58 58 58 58 58 58 58 58 5	Hey Ang Total III SUE Hay Jul Doc Diar Total III SUE Hay Jul Doc Diar Total III SUE Hay Jul Ha	271.5 271.5 271.5 271.5 271.5 2.15 2.27 2.70 2.70 2.70 2.70 2.70 2.70 2.70	-0.7 -4.2 +0.10 +0.12 +0.11 +0.08 +0.08 +0.08 -0.27 -0.14 -0.23 -0.10 -1.45 -1.25 -1.25 -1.25 -1.25	271.0 274.0 0000b; 9.32 9.10 9.33 9.87 9.84 9.84 9.87 9.84 9.77 9.84 9.77 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.9	271.0 274.0 8.09 8.97 9.20 9.57 9.84 62.20 68.70 71.46 91.60 92.10 92.10 93.10	3 1 2,568 hs;	506 102 29,718 39,163 75,109 48,572 27,587 3,689 194,276 9,761 29,162 3,669 3,781 29,162 3,669 3,781 4,889 4,889 4,889 4,889 4,889 4,889 4,889 4,889 4,889 4,889 6,811	1100 . In 181 . In 180 . In 18	IDO	M S L FOB (challed) (chall	P()	30 Jun 57 St	50 Jul - 58 LARIA LARIA - 58 - 3.82-3.8 - 4.62-4.6 - 4.62-4.6 - 4.62-4.6 - 1.62-1.6 - 1.	49 Jun 776	51 Jan 2015 2015 2015 2015 2015 2015 2015 2015
	150.7 (SEP 194.4 197.2 194.4 197.2 194.4 197.2 194.4 197.2 194.4 1957.2 194.4 1957.1 1955.1 1	+1.1 +2.0 +2.0 +2.1 +2.1 +2.1 +2.1 +2.0 +2.0 +3.0 +1.0 +1.0 +1.0 +1.0 +1.0 +1.0 +1.0 +1	161.7 162.9 164.2 164.2 164.5 164.5 165.5 165.6 165.6 165.6 165.6 165.6 165.6 166.0 166.0	158.8 169.2 181.8 163.0 162.0 164.0 162.0 164.0	44,246 8,725 10,156 1,570 1,57	163,670 \$0,162 \$1,331 17,263 11,981 5,872 138,865 276 3 3 661 937 532 531 43 314 138 58 58 58 58 58 58 58 58 58 5	Hey Ang Total III SUC Hay Jul Blay Total III Sup Blay Jun Blay Total Blay Blay Blay Blay Blay Blay Total Blay Blay Blay Blay Blay Blay Total Blay Blay Blay Blay Blay Total Blay Blay Blay Blay Blay Blay Blay Bl	271.0 272.8 ARR *11° CS 9.15 8.59 9.22 9.25 9.22 FOR MINE 2 SEL50 70.45 95.70 95.70 95.70 104.50 106.70	-0.7 -4.2 +0.10 +0.12 +0.11 +0.08 +0.08 +0.08 -0.27 -0.14 -0.23 -0.10 -1.45 -1.25 -1.25 -1.25 -1.25	271.0 274.0 0000b; 9.32 9.10 9.33 9.87 9.84 9.84 9.87 9.84 9.77 9.84 9.77 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.70 9.90 9.9	271.0 274.0 8.09 8.97 9.20 9.57 9.84 62.20 68.70 71.46 91.60 92.10 92.10 93.10	3 1 2,568 hs;	506 102 29,718 39,163 75,109 48,572 27,587 3,689 194,276 9,761 29,162 3,669 3,781 29,162 3,669 3,781 4,889 4,889 4,889 4,889 4,889 4,889 4,889 4,889 4,889 4,889 6,811	1100 . M 80 . M	IDIO ODE OF STREET STREET OF STREET STRE	M S L FOB (chaled) (c	Per (per)	30 Jun 37	50 Jul - - - - - - - - - - - - - - - - - - -	49 Jun 78 ETS	51 Jan 200 105 105 105 105 105 105 105 105 105 1
	150.7 162.5 164.1 164.5 164.1	+1.1 +2.0 +2.0 +2.1 +2.1 +2.1 +2.0 +2.0 +2.0 +5.1 +10 +10 +10 +10 (USS)	161.7 162.9 164.2 164.5 164.5 164.5 164.5 164.5 164.5 164.5 164.5 164.5 166.5	158.8 169.2 181.8 163.0 162.0 164.0 162.0 164.0	44,246 8,725 10,156 1,570 1,57	30,182 51,331 17,263 15,572 13,657 13,658 276 531 532 531 433 1,435	Hey Ang Total III SUR Hay Jul Oct Hay Jul Oct Hay Jul Oct Hay Jul Oct Hay Total III CON Hay Total III CON Hay Jul III CON Hay Jul III CON Hay Total III CON Jun Total III CON Jun Total III CON Jun Total	271.0 272.5 ASP 9.15 ASP 9.25 9.70 ASP 2.36 SE.50 70.45 SE.50 9.70 SE.50 9.70 SE.50 9.70 SE.50 90.70 90.70 90.70 P0.50 104.10 106.70 P0.50	-0.7 -4.2 E (112 +0.10 +0.12 +0.10 +0.11 +0.08 +0.08 +0.08 -0.14 -0.23 -0.10 -1.45 -1.25 -1.25 -1.30 1 -1.30 1	271.8 274.0 2000; 9.23 9.80 9.83 9.80 9.84 9.85 9.85 9.85 9.85 9.85 9.85 9.85 9.85	271.0 274.0 28.0 28.0 28.0 28.0 28.0 28.0 28.0 28	3 1 2,984 8,184 8,074 8,184 8,074 1,072 1071 35 5,241 7,384 7,384 7,384 1,087 1,087 2,483 155 2,583 155 2,585 1 1,087 1,	506 102 22,718 39,163 39,163 39,163 21,537 3,439 194,278 3,693 3,489 194,278 28,162 3,693 3,493 10,050 3,191 3,495 10,074 10,074 10,074 1,387 10,748 10,074 1,387	1100 . 11	PRODUCT OF THE PRODUC	M S L FOB (chaled) (c	Per (per)	30 Jun 37	50 Jul	49 Jun 78 ETS	51 Jan 200 105 105 105 105 105 105 105 105 105 1
	150.7 162.5 194.4 167.1 164.5 194.4 167.1 164.5 194.4 167.1 164.5 194.4 167.1 164.5 194.5 196.5	+1.1 22 +2.0 +2.1 +2.1 +2.2 +2.0 +2.1 +2.1 +2.2 +2.0 +2.0 +1.0 +1.0 +1.0 Prev	161.7 162.9 164.2 164.5 164.5 164.5 164.5 164.5 164.5 164.5 164.5 164.5 166.5	158.8 160.2 181.8 160.2 181.8 162.0 162.0 162.0 162.0 162.0 162.0 162.0 162.0 162.0 162.0 163.6 163.5	41,246 8,725 1,870 1,870 1,870 1,870 1,970 1,370 1	30,182 51,331 17,263 15,572 19,677 13,688 276 661 937 532 281 314 138 314 1,415	Hey Ang Total Total Det May Jul Oct May Jul Oct May Total Det May Jul Oct May Total May Jul Cot May Ju	271.9 272.5 271.5 271.5 271.5 2.15 2.25 2.70 2.75 2.75 2.75 2.75 2.75 2.75 2.75 2.75	-0.7 -4.2 (Fig. 1) -0.10 (Fig. 1) -0.10 (Fig. 1) -0.11 (Fig. 1) -0.11 (Fig. 1) -0.11 (Fig. 1) -0.11 (Fig. 1) -0.12 (Fig. 1) -0.13 (Fig. 1) -1.25 (Fig. 1) -1.30 (Fig. 1) -1	271.0 274.0 9.74.0 9.33 9.10 9.33 9.87 9.84 9.84 9.87 70.20 70.20 107.00	27.3 (27.4 (3 1 2 2 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	506 102 29,718 39,163 75,109 48,572 21,930 3,489 191,276 28,162 3,689 2,514 88,665 2,514 88,665 2,514 88,665 2,514 88,665 2,514 88,665 2,514 88,665 2,514 88,665 2,514 88,665 2,514 88,665 2,514 88,665 2,514 88,665	1100 - 11	IDO DOE OF THE PROPERTY OF A P	M S L FOB (dated) (dat	Per (per)	30 Jun 57 Sin	50 Jul	49 Jun 78 78 82 4 8 8 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	51 Jan 201055 10550 10550 10550 10550
	150.7 162.5 194.4 167.1 194.4 167.1 194.4 167.1 194.4 167.1 194.4 167.1 194.0	+1.1 22 +2.0 +2.1 +2.1 +2.2 +2.0 +2.1 +2.1 +2.2 +2.0 +2.0 +1.0 +1.0 +1.0 Prev	161.7 162.9 164.2 164.5 164.5 164.5 164.5 164.5 164.5 164.5 164.5 164.5 166.5	158.8 160.2 181.8 160.2 181.8 162.0 162.0 162.0 162.0 162.0 162.0 162.0 162.0 162.0 162.0 163.6 163.5	41,246 8,725 10,156 1,574 1,57	30,182 51,231 17,263 17,263 17,263 17,263 17,263 13,263 27,6 31 31 43 31,44 31 43 31 43 31 43 31 44 31 45 31 45 31 45 31 45 47 47 47 47 47 47 47 47 47 47 47 47 47	Hey Ang Total W SUC Hay July July July July July July July Jul	271.0 272.5 ASP 1272.5 ASP 1272.5 ASP 1272 ASP 1	-0.7 -4.2 (£ (112 +0.10 +0.11 +0.00 +0.11 +0.00 +0.03 -0.10 -0.14 +0.03 -1.45 -1.25 -1.25 -1.30 +0.13 +0.00	271.0 274.0 274.0 9.23 9.83 9.84 9.84 9.84 9.85 9.84 9.85 9.85 9.85 9.85 9.85 9.85 9.85 9.85	271.8 274.0 274.0 274.0 274.0 28.0 28.5 277 28.84 27.0 28.5 277 28.84 27.0 28.20 28.5 27.0 28.20 29.0 29.20	3 1 2 2 5 6 6 1 6 4 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	506 102 22,718 39,163 75,109 48,572 27,580 3,489 194,276 3,669 3,761 29,162 3,669 3,761 29,162 3,669 4,889 3,764 10,080 4,889 3,764 11,357 811 32,277	1100 1460 1460 150	IDO DOE OF THE PROPERTY OF THE	M S L FOB L	Per (per)	30 Jun 57 Silversel) Silversel Silve	50 Jul	49 Jun 78 78 82 4 8 8 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	51 Jan 200 105 105 105 105 105 105 105 105 105 1
	150.7 162.5 194.4 167.1 164.5 194.4 167.1 164.5 194.4 167.1 164.5 194.4 167.1 164.5 194.5 196.5	+1.1 22 +2.0 +2.1 +2.1 +2.2 +2.0 +2.1 +2.1 +2.2 +2.0 +2.0 +1.0 +1.0 +1.0 Prev	161.7 162.9 164.5 164.5 184.5	158.8 160.2 181.8 160.2 181.8 162.0 162.0 162.0 162.0 162.0 162.0 162.0 162.0 162.0 162.0 163.6 163.5	41,246 8,725 10,156 1,576 1,576 1,576 1,100 1,276 1,100 1,276 1,27	30,182 51,331 17,263 15,572 19,677 13,688 276 661 937 532 281 314 138 314 1,415	Hey Ang Total III SUR Hey Jul Oct Hery Jul Oct Hey Jul Oct Hey Jul Oct Hey Total Hey Jul Oct Hey Total Hey Jul Con Hey Total Hey Jul Oct Hey Jul Oct Hey Total Hey Jul Oct Hey	271.9 272.5 271.5 271.5 271.5 2.15 2.25 2.70 2.75 2.75 2.75 2.75 2.75 2.75 2.75 2.75	-0.7 -4.2 CE (1/12 +0.10 +0.12 +0.10 +0.11 +0.08 +0.08 +0.08 -0.27 -0.10 -1.45 -1.25 -1.30 1 d Water I are of the control of t	271.8 274.9 274.9 9.23 9.80 9.83 9.80 9.83 9.84 9.83 9.84 9.83 9.85 9.85 9.85 9.85 9.85 9.85 9.85 9.85	271.0 274.0 28.0 28.0 28.0 28.0 28.0 28.0 28.0 28	3 1 2 1 2 2 1 2 2 2 2 2 2 2 2 2 2 2 2 2	506 102 22,718 39,163 75,109 48,672 27,587 3,489 194,276 29,162 3,693 31,913 8,405 2,514 58,405 2,514 10,000 1,248 10,000 10,00	1100 1400 1450 150	PRODUCT STATE OF THE STATE OF T	L FOR CONTROL OF THE PROPERTY	Per (per)	30 Jan - 57 - 57 Sin (1997) Sin (50 Jul	49 Jun - 78 ETS - 78 T T T T T T T T T T T T T T T T T T	51 Jan 35
	150.7 162.5 194.4 167.1 164.5 194.4 167.1 164.5 194.4 167.1 164.5 194.4 167.1 164.5 194.5 196.5	+1.1 22 +2.0 +2.1 +2.1 +2.2 +2.0 +2.1 +2.1 +2.2 +2.0 +2.0 +1.0 +1.0 +1.0 Prev	161.7 162.9 164.5 164.5 184.5	158.8 160.2 181.8 160.2 181.8 162.0 162.0 162.0 162.0 162.0 162.0 162.0 162.0 162.0 162.0 163.6 163.5	41,246 8,725 10,156 1,574 1,57	30,182 51,231 17,263 17,263 17,263 17,263 17,263 13,263 27,6 31 31 43 31,44 31 43 31 43 31 43 31 44 31 45 31 45 31 45 31 45 47 47 47 47 47 47 47 47 47 47 47 47 47	Hey Ang Total III SUR Hey Jul Oct Hery Jul Oct Hey Jul Oct Hey Jul Oct Hey Total Hey Jul Oct Hey Total Hey Jul Con Hey Total Hey Jul Oct Hey Jul Oct Hey Total Hey Jul Oct Hey	271.0 272.5 ASP 9.15 ASP 9.25 9.70 ASP 2.36 SE.50 70.45 ASP 9.20 101.50 104.10 106.70 ASP 2.30 ASP 2.3	-0.7 -4.2 CE (1/12 +0.10 +0.12 +0.10 +0.11 +0.08 +0.08 +0.08 -0.27 -0.10 -1.45 -1.25 -1.30 1 d Water I are of the control of t	271.8 274.9 274.9 9.23 9.80 9.83 9.80 9.83 9.84 9.83 9.84 9.83 9.85 9.85 9.85 9.85 9.85 9.85 9.85 9.85	271.0 274.0 28.0 28.0 28.0 28.0 28.0 28.0 28.0 28	3 1 2 1 2 2 1 2 2 2 2 2 2 2 2 2 2 2 2 2	506 102 22,718 39,163 75,109 48,672 27,587 3,489 194,276 29,162 3,693 31,913 8,405 2,514 58,405 2,514 10,000 1,248 10,000 10,00	1100 - 11	IDO OUDE OF SHOOL OF	M S L FOB (dated) (dat	Per (per)	30 Jun 57 St. 57	50 Jul	49 Jun - 76 Sex - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -	51 Jan 35
	150.7 102.5 194.4 157.1 194.5 194.4 157.1 25.0 64.0 102.5 1000 1000 1000 1000 1000 1000 1000 10	+1.1 (2) +2.0 +2.0 +2.1 +2.1 +2.2 +2.0 +2.0 +2.1 +2.2 +2.0 +2.0 FRQ (US)	161.7 162.9 164.5	198.8 160.2 161.8 160.2 161.8 162.0	41,246 8,725 10,156 1,574 1,57	30,182 51,231 17,263 17,263 17,263 17,263 17,263 13,263 27,6 31 31 43 31,44 31 43 31 43 31 43 31 44 31 45 31 45 31 45 31 45 47 47 47 47 47 47 47 47 47 47 47 47 47	May Ang Total W SUC May Jul Oct May Total M USU May Total May Total May Total May Total May Total May Total Open padd I Open padd I Open May I Open May Total May	271.0 272.5 ASP 115 ASP 125 AS	-0.7 -4.2 CE (1/12 +0.10 +0.12 +0.10 +0.11 +0.08 +0.08 +0.08 -0.27 -0.10 -1.45 -1.25 -1.30 1 d Water I are of the control of t	271.8 274.9 274.9 9.23 9.80 9.83 9.80 9.83 9.84 9.83 9.84 9.83 9.85 9.85 9.85 9.85 9.85 9.85 9.85 9.85	271.0 274.0 28.0 28.0 28.0 28.0 28.0 28.0 28.0 28	3 1 2 1 2 2 1 2 2 2 2 2 2 2 2 2 2 2 2 2	506 102 22,718 39,163 75,109 48,672 27,587 3,489 194,276 29,162 3,693 31,913 8,405 2,514 58,405 2,514 10,000 1,248 10,000 10,00	1100 1400 1450 150	PRODUCT COMPANY COMPAN	H S (dated) (d	Per (per)	30 Jan - 57 - 57 St. (1972) St. (50 Jul	49 Jun 78 St. 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	51 Jan 35
	150.5 154.1 154.5 154.1 154.5 154.1 154.5 154.4 167.2 172.0 50.0 64.0 82.0 148.0 1080 1080 1080 1100 Close 1084 P AN PEX ONL) Sett price 535.00 557.00	+1.1 (2) +2.0 +2.0 +2.1 +2.1 +2.2 +2.0 +2.0 +2.1 +2.2 +2.0 +2.0 FRQ (US)	161.7 162.9 164.5	198.8 160.2 161.8 160.2 161.8 162.0	41,246 8,725 10,156 1,574 1,57	30,182 51,231 17,263 17,263 17,263 17,263 17,263 13,263 27,6 31 31 43 31,44 31 43 31 43 31 43 31 44 31 45 31 45 31 45 31 45 47 47 47 47 47 47 47 47 47 47 47 47 47	May Anny Total NE SUST TOTAL N	271.0 272.5 271.5 272.5 271.5 271.5 2.75 2.75 2.75 2.75 2.75 2.75 2.75 2.	-0.7 -4.2 (Fi (1)2 +0.10 +0.12 +0.10 +0.11 +0.08 +0.08 +0.08 +0.08 -0.14 -0.23 -0.10 -1.45 -1.25 -1.25 -1.30 (Fi (1)2 +0.08 +0	271.0 274.0 274.0 000000; 9.33 9.10 9.33 9.80 9.84 9.84 9.85 70.20 70.90 107.00 107.00	271.0 274.0 28.0 28.0 28.0 28.0 28.0 28.0 28.0 28	3 1 2 1 2 2 1 2 2 2 2 2 2 2 2 2 2 2 2 2	506 102 22,718 39,163 75,109 48,672 27,587 3,489 194,276 29,162 3,693 31,913 8,405 2,514 58,405 2,514 10,000 1,248 10,000 10,00	1100 3. 1460 1460 1460 1500 1600 1600 1600 1600 1600 1600 16	IDIO IDIO ON THE STATE OF THE S	CHANGE CONTROL	PO (par l	30 Jan - 57 - 57 - 57 - 57 - 57 - 57 - 57 - 5	50 Jul	49 Jun - 76 ETS - 76 Con - 76 - 76 - 76 - 76 - 76 - 76 - 76 - 7	51 Jan
	150.7 162.5 164.1 164.5 164.1 164.5 164.1 164.1 164.1 164.1 167.1 164.0	+1.1 (20) +2.0 +2.0 +2.1 +2.1 +2.1 +2.2 +2.0 +2.0 +2.0 +2.0 From the control of	161.7 162.9 164.5 164.5 184.5	198.8 160.2 161.8 160.2 161.8 162.0	42,246 8,725 10,156 1,57	30,182 51,231 17,263 17,263 19,577 13,466 276 276 3 3 4 3 1,446 13,58 1,446 14,446	May Anny Total W Sub May July July July July July July July Jul	271.9 272.5 271.5 272.5 271.5 271.5 2.75 2.75 2.75 2.75 2.75 2.75 2.75 2.	-0.7 -4.2 (Fig. 1) -0.1 (Fig. 1) -0.1 (Fig. 1) -0.1 (Fig. 1) -0.2 (Fig. 1) -0.2 (Fig. 1) -0.2 (Fig. 1) -1.2 (Fig. 1) -1.3 (Fig.	271.0 274.0 274.0 0000000 9.32 9.30 9.30 9.30 9.30 9.30 9.30 9.30 9.30	271.8 274.0 274.0 274.0 28.0 28.5 277.0 28.5 277.0 28.5 277.0 28.5 277.0 28.5 277.0 28.2 277.0 27	3 1 2 1 2 2 1 2 2 2 2 2 2 2 2 2 2 2 2 2	506 102 29,718 39,163 75,109 48,672 21,987 3,489 194,276 28,162 3,693 3,489 194,276 28,162 3,693 10,074 10,	1100 1460 1460 1460 150	IDO ONE OF THE PROPERTY OF A PARTY OF A PART	M S L FOR S (challed) (cha	POCO	30 Jun 1 57	50 Jul	49 Jun - 78 ETS - 78 Foot	51 Jan 35
	150.5 154.1 154.5 154.1 154.5 154.1 154.5 154.4 167.2 172.0 50.0 64.0 82.0 148.0 1080 1080 1080 1100 Close 1084 P AN PEX ONL) Sett price 535.00 557.00	+1.1 (20 LF C C C C C C C C C C C C C C C C C C	161.7 162.9 164.5	158.8 158.2 161.8 158.2 161.8 162.0	41,246 8,725 10,156 1,57	30,182 51,231 17,263 17,263 15,572 19,577 134,665 276 61 17 134 135 14 14 135 14 14 15 16 16 16 16 16 16 16 16 16 16 16 16 16	May Anny Total NE SUST TOTAL N	271.0 272.5 APA 711° CS 9.15 8.59 9.25 9.70 8.75 8.25 9.72 8.25 9.72 8.25 9.72 8.25 9.72 9.90 101.50 106.70	-0.7 -4.2 (Fi (1)2 +0.10 +0.12 +0.10 +0.11 +0.08 +0.08 +0.08 +0.08 -0.14 -0.23 -0.10 -1.45 -1.25 -1.25 -1.30 (Fi (1)2 +0.08 +0	271.0 274.0 274.0 9.23 9.80 9.83 9.80 9.84 9.84 9.84 9.84 9.85 9.87 9.84 9.85 9.85 9.85 9.85 9.85 9.85 9.85 9.85	271.0 274.0 28.0 28.0 28.0 28.0 28.0 28.0 28.0 28	3 1 2 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	506 102 22,718 39,163 75,109 48,672 27,587 3,489 194,276 29,162 3,693 31,913 8,405 2,514 58,405 2,514 10,000 1,248 10,000 10,00	1100 - 11	IDIO ON THE CONTROL OF THE CONTROL O	CHARGE (charge) L FOR (charge) Charge (charge)	Posco	Jun ST	50 Jul	49 Jun - 78 ETS - 78 Foot	51 Jan - 0.10550 - 0.1050 - 0.





Starred clues contain no definitions but you should be able to enter all of the answers . . .

1 "Hired after tea (6)

9 *Ma's nice for a change! (7) 11 Mouth-watering favourite is included in 5 down (10) 12 Club Iris is not against (4) 18 Nasty, like some record players (5) 14 Duty Sara carried out for 24 hours (8) 16 Steroid scattered on garden

18 Turn oar when first off (5) 20 Managed to get man off, as elderly (4) 21 *Attendants Head Office employ (10) 23 One wants a gun around as looking for lizards! (7)
*Black lines round jug (7)

25 *Transplanting a tree said Some will get cold on going round gorge (6)

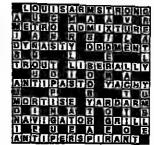
I Restrict credit note to remember (5)
*Expert takes notice belonging to me (7) 3 Investigating cut-back before obtaining coal (9)

5 Imitation brooch in silver *Retailer initially overlooking distribution (7)
Vanish with girl with soft mouth (9) 10 *Hum is sent flying (6,3) 13 Turn green at first awfully uneasy about it (9)

15 *Bearing religious books slut stands up (9) 17 Rave about back support being brilliant (7) 19 Raised crucifix means entrance (7) 21 Feel under church pew (5)

22 is irene a bit of a tempt

Solution 9,661



167,61

Apr 17 167.88

led demend at lower rates. Price indica-tions (previous sale in brackets): best available 1880 (1710), good 1800 (1800), good medium 140p (148p), medium 120p (130p), low medium 84p (100o). The

The London Tes Auction is now fortnightly. The next report will appear on May 6.

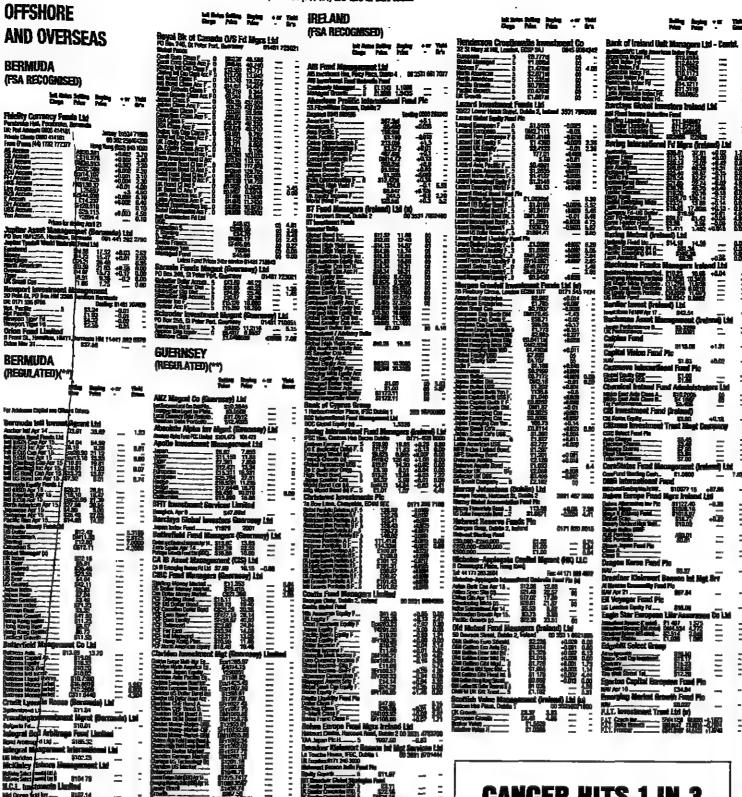
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GIVE YOUR WORKFORGE A CHANCE TA FIGHT RACK

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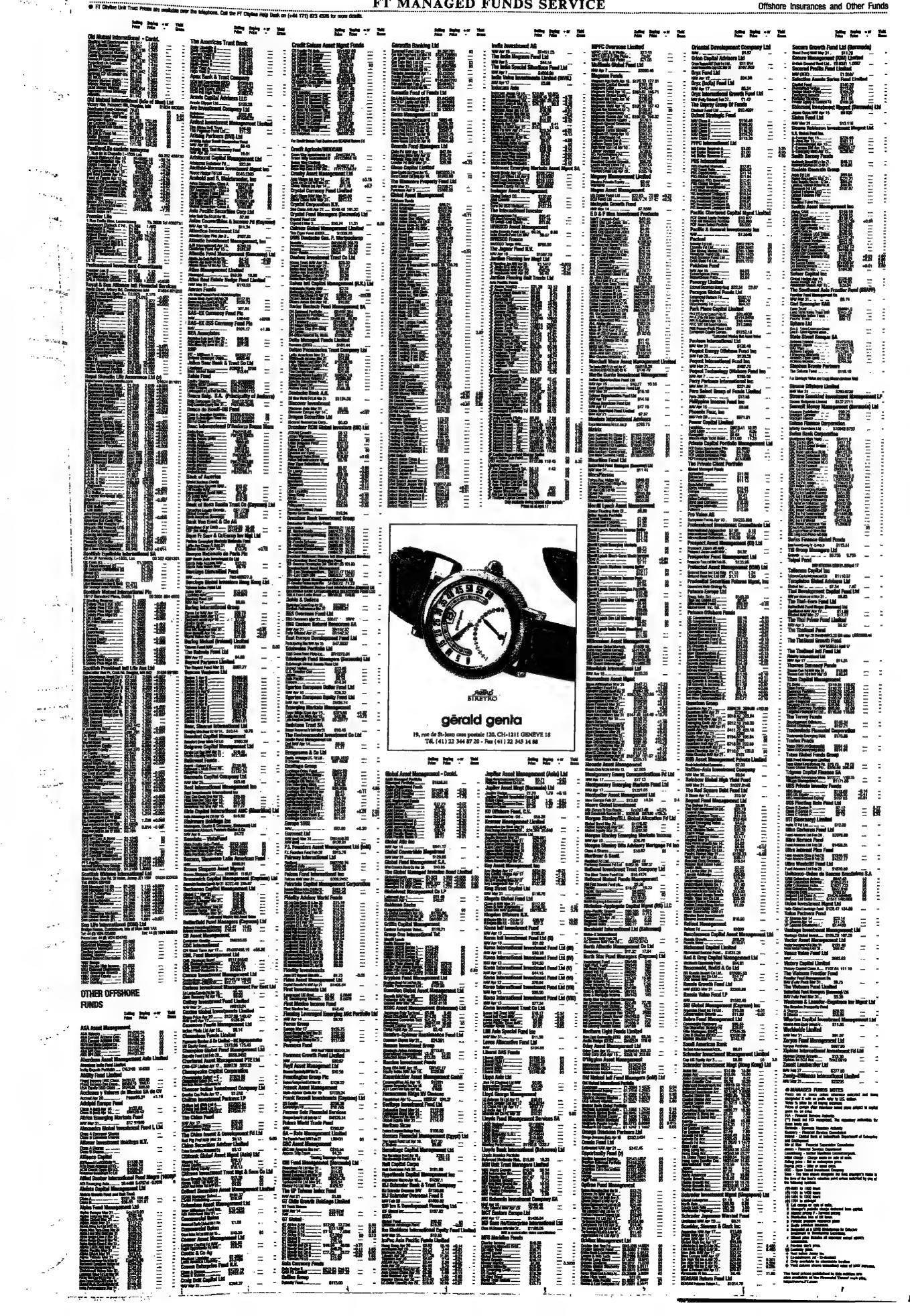
TAME THE CONTRACT

See Fred

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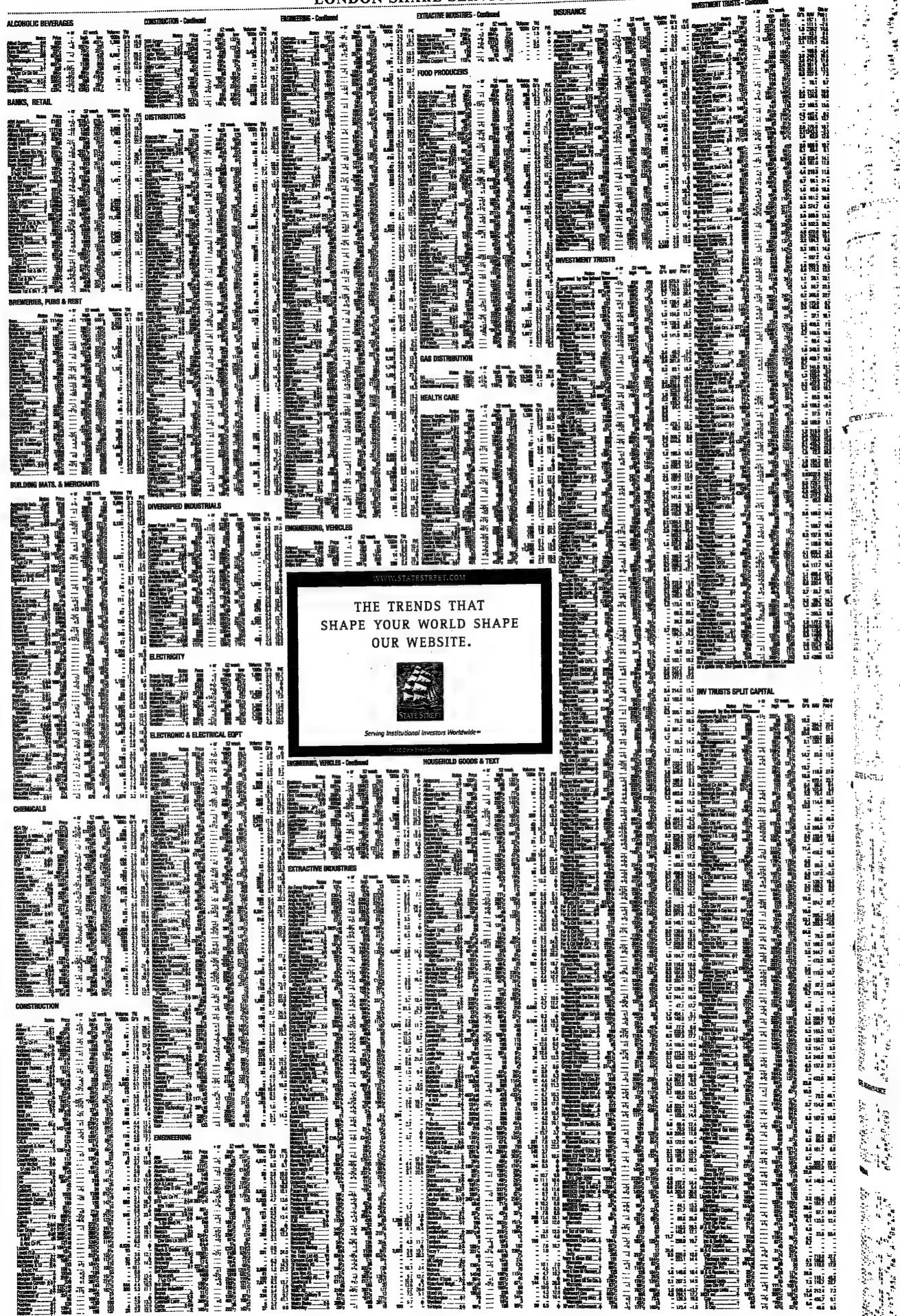
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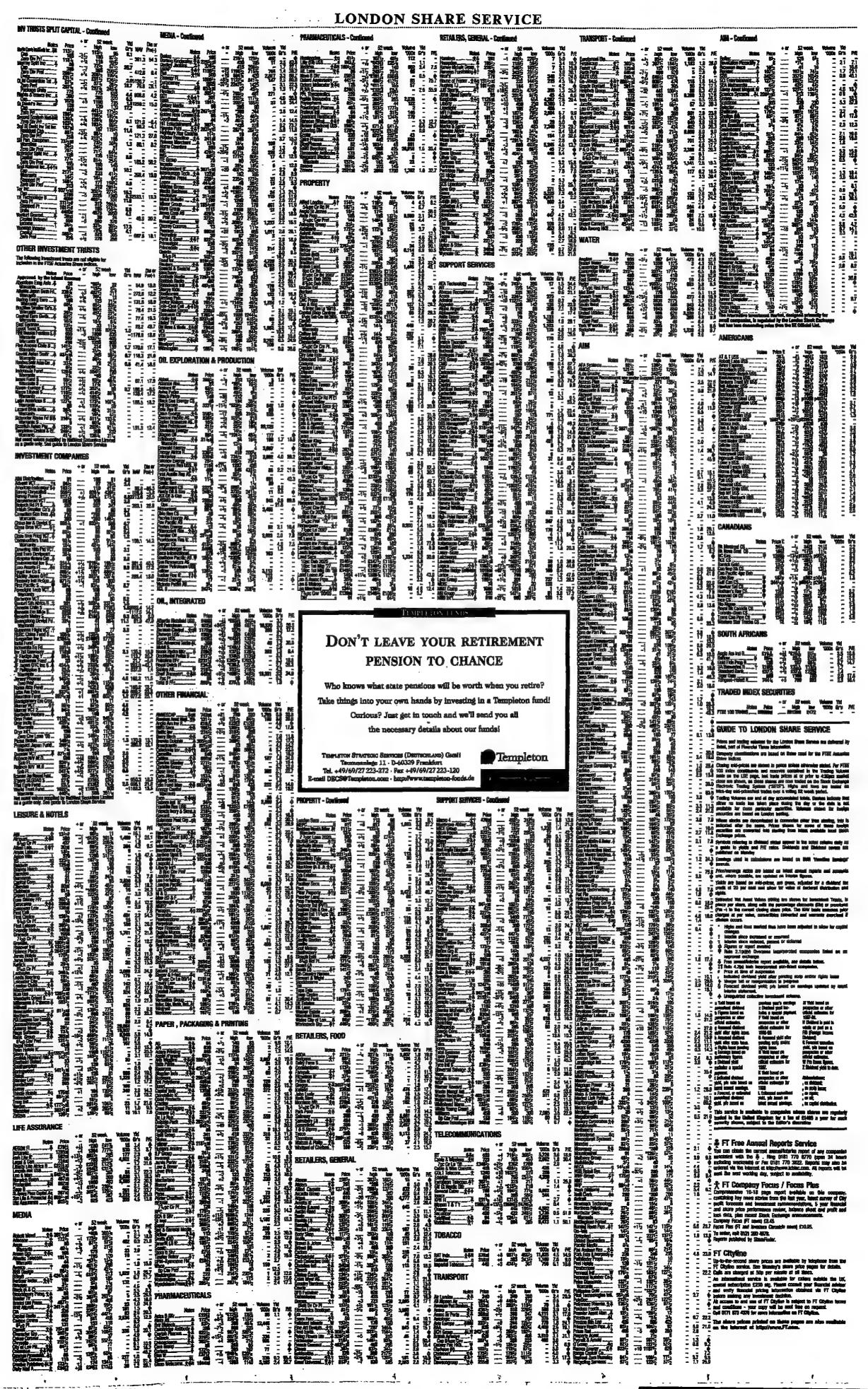
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MARKET REPORT By Steve Thompson, UK Stock Market Editor

UK shares staged a good recovery from another sharp sell-off yesterday to finish the session with a minor overall gain amid considerable relief over last month's inflation data.

Before the news on price rises, the stock market had fallen sharply along with most European markets in the wake of the overnight decline on Wall Street and a rather unhappy display by

data, showing headline inflation at 3.5 per cent, up 0.1 per cent on the February figget, brought about a gradual

later in the day by a strong points, before responding start to the US trading sea quickly to the untrend on sion. The Dow Jones Industrial Average kicked off on a firm note, moving up to post a 30-point gain shortly after the opening bell.

time," said one dealer.

At the close the FTSE 100 just managed to scramble ure, and core inflation at 26 into positive ground, finishper cent, a mere 0.1 per cent ing the day 0.9 higher at above the government's tar- 5,955. Earlier, the index had tumbled sharply, falling recovery in market senti- below the 5,900 mark and eventually bottoming out at It was also helped along 5,884.8, down almost 70

> There had been additional pressure brought to bear on London from the strongerthan-expected growth in Ger-

Alcatel Alsthom. Thames

shares ended 27 up at 987p,

Severn Trent was also squeezed higher, closing 23%

Rank Group fell sharply as

albeit on low volume.

Wall Street.

the D-Mark up sharply against the dollar.

second-liners and small-caps London's performance this were insulated from much of year, up about 17 per cent the weakness in the leaders, because of their relative underperformance against dal", pointing to a 25 per the PISS 100 constituents so far this year. The FTSE 250 never really

threatened to drop into the and Spain. red, and built gradually on a modestly firm opening to sonal patterns, which have end the session up 16.5 at worked well this year, 5,543.4, only 14 points off its becoming less positive from man M3 money supply, previous closing record. The the end of this month

ture. Rank sold its 20 per

cent stake in the venture to

In the rest of the leisures,

hotels and gaming company

Ladbroke Group was in

demand, which made it the

best-performing stock in the

FTSE 100. The shares closed

increased pressures in the

US for instinct, the group's

on-line trading product, and

the continued impact of ster-

to continue.

But publication of the help; at one point it looked which restarted talk of a rise FTSE SmallCap gained 3.9 at onwards, and some early March Retail Price Index as if we were in for a rough in German interest rates in 2,831.0, less than 10 points signs that the rallies in the the near future and drove away from its record close. In its latest research, The

technical team at Robert Once again London's Fleming Securities described relative to other European markets, as "nothing specent rise in Germany, a 28 per cent gain in France, and 40 per cent-plus rises in Italy

Flemings said: With sea-

but "competition restrained

US revenue growth and put

pressure on margins". Insti-

net, which records about 85

per cent of its sales in the US, has been suffering as

competitors such as Island

and Terranova gain market

share and force prices lower.

son Crosthwaite said the fig-

ures were in line with mar-

ket expectations, but

revenue growth was margin-

The big mortgage-lending

banks had a hard time of it

in the market with Halifax

always pressured on the downside ahead of and fol-

which the chairman noted

mortgage business. Halifax also said it had

own shares at an average

price of 933p, compared with

Halifax pressured

Brian Newman at Hender-

Far East are proving difficult to sustain, the weight of have to find new avenues to pursue, new sectors to invest in, to prevent 'sell in May and go away' from being the truth rather than a cliche."

The day's big winners in the PTSE 100 included the water stocks, which were again being boosted by takeover speculation linked to one of the leading French utilities.

depress the trading restlits from general insurance compared with the first quarter of 1997, the company said. Analysts pointed out that

the losses would not include the recent floods in the UK. News of a \$1.4bm US acquisition by General Electric Company cheered the market yesterday sending the shares sharply higher. The company said its US subsidlary has entered into a defin-Tracor under which the GEC subsidiary will make a cash tender offer for all Tracor shares at \$40 per share.

the acquisition will be "immediately cash flow and earnings enhancing", before amortisation of goodwill. One analyst said simply: About time too. This is the kind of deal we have been

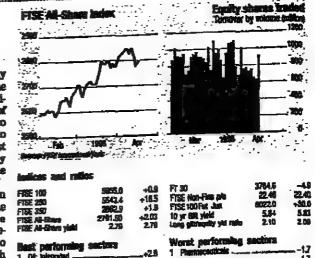
The UK defence giant said

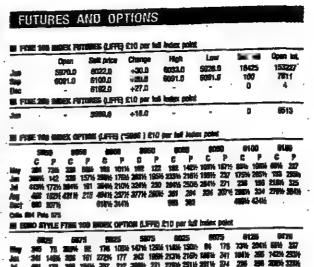
wanting GEC to do for ages. The shares improved 14% to 458p with sentiment said to have been enhanced by a recommendation from HSBC. The broker was reported to have upgraded its stance on the stock from

"hold" to "add". Dealers in retail stocks outcome of the bitter bid battie for Argos by Great Uni-

lowing the bank's AGM at With Prudential Corporation, Argos's second-largest the fiercely competitive investor with a holding around the 7 per cent mark; bought in a short 22m of its having decided to vote against the 650p-a-share offer, dealers were waiting to the current market price of see if there would be a raid on Argos ahead of Friday's 826p, down 17 on the day.

dome of the bid. Those predicting Argos would escape the clutches of





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Exxon boost for BP

COMPANIES REPORT

By Peter John and Joel Kibazo

BP jumped 341/4 to 922p, one of the best performances in the FTSE 100, as Exxon the largest oil group in the US - announced firstquarter earnings ahead of freed up \$590m with the forecasts and said its Euroof a 1.9 per cent stake pean refining and marketing FT 30 INDEX

division had performed well. Exxon said it earned a fully diluted 76 cents per share in the quarter, down from 86 cents a year ago, but way ahead of the consensus estimate of 66 cents.

The shares were partly recovering from Monday's weakness after Dresdner Kleinwort Benson downgraded them to "add" from "buy", and trimmed their 1996 and 1999 earnings by 7 per cent to reflect lower production expectations. Shell Transport, which has not been as badly affected as BP by the falling oil price, only rose 6% to 442p.

Thumes Water rose for the second day as the defensive attractions of the sector were boosted by simmering takeover speculation.

Charterhouse Tilney, And, domestic exposure, they

have also attracted cautious buyers keen to avoid the impact of a strong pound on internationally earned prof-

However, behind the macro-economic rationale there is ever-present bid speculation with French utilities known to be keen to

expand in core areas. Générale des Eaux has been seen for some time as a likely buyer for Thames' international operations, which make up 10 per cent of the company's earnings. Yesterday, the prospect

Apr 21 Apr 20

investors haled out after the company revealed a fall in and a lacklustre trading update. By the close the stock had fallen 19% to 3850. with volume up to 9.9m.

up at 987%p.

Rank reported a 5 per cent rise in operating profits to £21m, but said first-quarter

Sale sale e in	The	comp	ofits vary to a div	lame	i the	Reform Corp. last year. Reflecting on the sharp decline in the share price, one leisure sector specialist said: "Investors have taken
Apr 17	Apr 16	Apr 15	Yr ago	1ige	1,000	advantage of the recent spike-up in the share price to
	3016.9			3872.4	3751.4	sell the stock on further
2.81		2.55		4.22	2.83	
24.30	34,76	34.86	17.00	25.00	15.80	news of continued problems
24.17	24.48			24.24	10.71	at the company, I expect this
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	Apr 21	Apr 20	Apr 17	Apr 16	Apr 15	Yr ago
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only turnover (200)	•	.08	2569.9	.00	277.8	1900
tedly bergelow)		790.	82,622	MR.	67,462	50,79
Rearum traded (1977)	-	me.	705.9	MR.	777.3	880.
found mountant transpoleracy.	~	88	88.201	80,940	70,294	
local famour (201):	-	788	3619.9	4051.3	4321,5	
COM when traded (milt)	780.0	_ R	927.0	925.5	1000.7	
radiopoint furniover (Em)	34.0	12.8	10.0	33.3	35.A	X,
radopoint stas traded	1,436	4.144	10.878	5,865	1,300	85

The shares were bought ahead of a strong sector Rises and to recommendation from Total Rises (Chartenberry Tillner And because of their largely

STOCK MARK	ET TR	ADINE	DAT	4			12% ahead at 340%p.
	Apr 21	Apr 20	Apr 17	Apr 16	Apr 15	Yr ago	SmithKline Beecham 40 to 691p, the biggest
ISAC bergains	02,144	80,948	81,623	69,686	86,942	0,50	in the Footsie as the g
Equity turnover (End)	•	.06	2560.0		2977.8	1909.4	
trafty barcelost		170	82,622	MR.	67,462	50,791	announced first-quarter
Barus traded (117)	-	76.	705.9	MR.	777.3	880.A	tires and stressed it did
local market bargaines:	-	100	86,361	80,940	70,294	THE.	
ocal famorer (201):	-	78	3619.9	4051.3	4321,5	100	need to merge.
cial when braded (AV):	*950.0	网络	927.0	925.5	1000.7	100	Reuters, the news
radiopoint furnover (Em)	34.0	12.8	18.6	33.8	33.A	A.B	information company, I
radopoint stars traded	1.436	4.144	10.878	5,865	1,330	820	quished 33 to 638p follo
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CROATIAN INSTITUTE FOR HEALTH INSURANCE

HEADQUARTERS

10 000 ZAGREB, Margareiska 3

Republic of Creatia

ent of goods and services and contracting of works ("National Gazette" no. 142/97) In accordance with the Regulation stipulating the procus the Crostian Institute for Health Insurance opens and assounces the following

INVITATION TO RID

to select the most favourable bidder for supply of deaths's equipment

1.0. General data:

1. Buyer: Croatian Institute for Health Insurance, Zagreb, Margaretska 3, Republic of Croatia

Subject: supply and delivery of 450 pieces of dentist's equipment for health centres, private dentist practice, dentist polyclinics and Academy of dentists according to standards and norms mentioned in bidding documents. II The bidders may be domestic or international (legal or physical) persons, registered for manufacturing or trade of medical equipment stated in subject. The bidders are to attach registration documentation or, if they are not doing business in the Republic of Crossia, they should have the authorized agent in the Republic of Crossia.

The bidding is, with the application of national privilege, for domestic bidders under the terms defined in article 3. of Regulation stipula

Capability of domestic bidders will be determined upon the attached documentation, according to the article 6 of Regulation atigulating the

III The bid must comprise:

name, residence and address of a bidder(telephone/telefax);

2. accurate specification (producer, type, rechnical characteristics) of the bidding equipment, according to the tables in the bidding

 unchangeable unit and total price of equipment CIP end user in USD for bidder from abroad with all cost, without custom, including installation, trial work and education, without value added tax, and for domestic bidders including all above mentioned costs included. custom and value added tax:

4. terms and conditions of delivery and installation, in working days;

5. terms and conditions of payment:

6. the statement of quality of the equipment:

7. quality guarantee period with conditions for servicing out of that period (servicing periods, spare parts and consumption materials);

8. information about obligatory service met in the Republic of Croatis;

a) bank guarantee for bid security in the amount of 2% of total bid value which is valid 30 days after explication of bid validity date original document -. b) producer statement on enclosed form stating to provide the bank guarantee in order to fulfull contract obligations in case his bid wiss delivery on the amount not less than 5% of agreed amount, which is valid 30 days after expiration of all contract obligations of the

10. bid validity until September 30,1998; 11. Filled and verified bid documentation:

12. other advantages and conveniences that bidder offers.

IV The bid must contain evidence and documents for establishment of bidder ability:

1. registration document and export-import license; reference list up to now:

3. evidence about financial stability and effectivity not older than 60 days: 4. the receipt of registration into the register of representatives for foreigners in the Republic of Crossis, or certificate about the branch-office registration into the Trade Court in the Republic of Crossis:

5. prospectus materials (prospectuses, catalogues, technical documentation, explanations etc.).

V The bid language is Croatian or English.

VI Bidding documentation may be obtained by prospective bidders from April 23, 1998 till May 14,1998, from 9-15 hours, on the address. Creation Institute for Health Insurance, Zagreb, Margaretska 3, room 19/1, upon the presentation of record of payment of the amount of 300,00 USD. The payment should be effected to the foreign exchange account number 30101-620-37-7022-0682800-3838 or if in home (local currency) in its equivalent amount according to the rate of exchange of the National Bank of Creatia effective on the day of payment, to the account number 30102-640-609 in favour of the Creatian Institute for Health Insurance - Headquarters, Zagreb, Margaretska 3, with obligatory preliminary potification on telephone (00 385 1) 425 666 /82.

The paid compensation will not be returned.

VII The standards for bid evaluation are part of the bidding documentation. VIII The bids must be delivered in closed and scaled cavelopes by mail or personal delivery, with the mane and address of the bidder and the following mark: "BID FOR INVITATION TO BID - SUPPLY OF DENTIST'S EQUIPMENT - DO NOT OPENI" until May 20, 1998, till 2

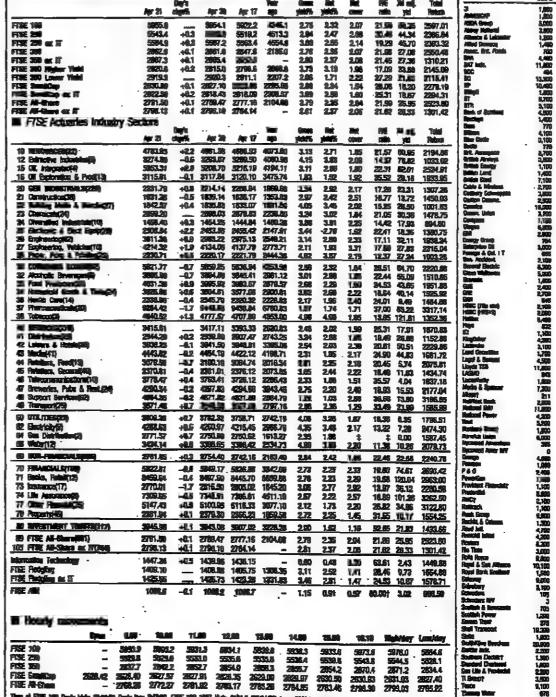
 until May 19,1998 till 4 p.m. on the address: Croatian Institute for Health Insurance - Headquarters, 10 000 ZAGREB, Marganetska 3/11, - May 20, 1998, from 8 a.m. to 2 p.m. on the address: Zagreb fair, Avenija Dubrovnik 15, Zagreb (South entrance, L floor, hall "Brijaha").

The final term for hid submitting is May 20, 1998, until 2 p.m. however it will be delivered.

IX The public opening of bids will be on May 20, 1998, at 2 p.m. on the address: Zagreb fak, Avenija Dubrovnik 15, Zagreb (South entrance, I. floor, hall "Brijami"). The producers representative can be present at public bid opening only upon the presentation of the

The bidders will be informed about the results of the invitation within the 8 days period after the selection of the most favourable hidden CROATIAN INSTITUTE FOR HEALTH INSURANCE ZAGREB, MARGARETSKA





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STOCK

Weak dollar weighs heavily on sentiment

WORLD OVERVIEW

The dollar dictated the direction yesterday, losing ground against the D-Mark trudged lower. and pushing leading equity markets lower in the pro- by another downside session

cess, writes Jeffrey Brown, York, the dollar fell through were uniformly weak. Sentithe DM1.80 support level in ment was further kept on morning trading in Europe and quickly cut a swathe ing on Wall Street. through investor sentiment.

resistance, notably a record since the start of the month

ness that has crept into trading in recent sessions and

The mood was not helped across Asia, where, with the Weaker overnight in New exception of Tokyo, markets hold by an uncertain open-

The US currency has

August. And yesterday the suggests "a weaker dollar currency bears were beginning to make unmistakable growling sounds.

The dollar fell precipitously between August and November last year, sliding 10 per cent. Talk of an official upward nudge for interest rates by the Bundesbank is again at the top of the agenda following a a 5.1 per There were pockets of fallen more than 3 per cent cent jump for German

Shares in FRANKFURT

picked up in late electronic

trade from midsession levels

but the Xetra Dax index fin-

ished 34.13 lower on the day

Analysts said the weaker

dollar left investors shun-

ning export-sensitive stocks,

such as chemicals and cars,

in favour of the banking sec-

tor, which continued to be

SAP preference shares

were held in check by some

profit-taking, but still closed DM1.85 higher at DM940.30

in response to the group's

better-than-expected first-

Car stocks were among the

days major losers, with

BMW down DM64.50 to

DM2,027.50 and Volkswagen

ket on merger speculation.

Dresdner Bank was up

DM2.45 to DM102.35 while

Allianz put on DM5 to 624.

pressure was eased by selec-tive demand for second-line

Motor of the UK.

driven by merger talk.

quarter results.

EUROPE

at 5,373,80.

trend would provide good reason to expect European market performance to slow down".

The broker claims to be underweight in dollarsensitive markets such as Germany, the Netherlands and Sweden. "If dollar weakness goes much further, we would expect to see this market tilt paying off."

In marked contrast to the

FTSE Actuaries Share Indices

in Helsinki, but most mar- and is now more than 8 pfg Salomon Smith Barney's broad trend across Europe, outstanding. Deutsche Mor-kets succumbed to the edgi- adrift of its peaks of last weekly portfolio strategy Athens came back with a gan Grenfell is a confident Athens came back with a gan Grenfell is a confident bang from its four-day bull, suggesting that the Orthodox Easter break, jumping 7.3 per cent and extending its gains since the lude to yet faster growth. middle of March - when the drachma formally joined the is not entirely risk-free, how-European exchange rate mechanism - to a breath- draws attention to Greece's

> taking 71 per cent. month's drachma devalua- pect of a further devaluation tion, which shrinks the before final entry to Eurogains closer to 50 per cent, pean economic and monethe performance remains tary union 2001.

profit-taking. Alitalia rose

L146 to L38,446 ahead of its

capital increase next month.

MADRID headed lower on

profit-taking. The general

index closed down 5.44 at

906.13 with investors focused

on the spate of first-quarter

results to be released over

VIENNA bucked the trend,

which has issued an upbeat

report on the Austrian mar-

ket, argues that shares not

only look cheap against their

tial is likely to reduce.

Pta6,590.

3.2 per cent.

upturn for Greek shares over the past six weeks is a pre-

This level of performance ever. The broker rightly worrying external budget Even allowing for last deficit and hints at the pros-

"The Asian crisis has Late rally fails to raise Dax

> Nicholas Georgiadis at such as foreign exchange Omega Securities in Athens rates, current account balnoted that activity within ances and bad debt levels exit on time.

News of further deals at Frank Russell, the asset

management consultants. Foreign & Colonial Asset Management, for instance, analyses companies on a return on capital (ROC) basis. It had started to

pulp company, rose FM2 to

Michael Morgan, Jeffrey Brown, Emiko Terazono Paul Gregan

privatisation programme and corporate moves in the banking sector continued to fuel strong demand. The general index rose 179.35 to

2.627.90. One analyst noted many prices were capped only by the daily volatility limit of 8 per cent. A high proportion of shares closed bid-only and with a large proportion of the total demand remaining

the banking sector began earlier in the month with the sale of the state-owned Macedonia Thrace Bank and continued last week with the merger of National Bank and

National Mortgage Bank. could soon be on the way, he said. National Bank surged Dr3,712 to Dr50,112 while National Mortgage Bank climbed Dr490 to Dr28,490.

the next couple of weeks. HELSINKI closed up more Telefónica was off Pta70 to than 1 per cent at a record led by Nokia, which breached a fresh high. The as solid demand sent the ATX index 27.54 higher to HEX index closed up 55.25 to 1,534.54 for a two-day rise of 4,922,22

Nokia closed up FM7.6 to Salomon Smith Barney. FM363.60 while UPM-Kymmene, the paper and

German counterparts, but that the valuation differen-ATHENS surged 7.3 per cent as the outlook for the Bob Sherwood **EMERGING MARKET FOCUS**

Analysts split top to bottom

One of the outcomes of last from its portfolio as early as 1996 based on an ROC corpoyear's Asian financial turmoil on emerging market rate ranking. analysis has been the shift the bottom of the pack and from bottom-up research. we were forced to sell Asia focusing on corporate valuations, to the top-down and buy Latin America and eastern Europe," says Arnab approach based on macro-Banerji, chief investment economic and political facofficer.

momentarily put global sectoral research on hold," says Laurence Heyworth, director of Flemings' global emerging markets research. During the two-year run-up to the crisis, a backdrop of stable inflation, steady currency markets and high economic growth allowed emerging market analysts to focus on individual corporate analysis, hence missing the macro

The argument for a more macro approach is supported by the theory that although the opportunities in emerging markets are stockspecific, the risks are macrobased. A focus on indicators should have helped investors

But some of the better performers in emerging markets in the past year have been the bottom-up stock pickers, says Rob Hall, senior analyst

remove Asian companies

٠							
		Koree '	Indonesia	Malaysia	Philippines.	Singapore	Theire
	Exchange Sale approcabilities* (1990-96)	-18	5	7.	26	16	25
	1996 correct eccount (% of 60P)	-49	-3.4	-6.0	-5.5	16,5	-42
	1895 total bank lending paranti Ta change	30.0	21.5	28.2	41.7	15.2	14

Bank results help boost US equities

US shares edged higher in light early trading as major banking companies released quarterly results. writes John Labate in New York.

dard & Poor's 500. however. was easier, down less than one point at 1,123.15.

In spite of ongoing caraings releases, falling bond prices continued to be a conversus the interest rate environment," sald Dan Mathisson, head stock trader at ever, down \$14 to \$74%. D.E. Shaw Securities in New

Bond prices moved lower after a Federal Reserve governor made bearish comments in a morning interview. In addition, bonds fell under pressure from a falling US dollar and a strong supply of corporate bonds.

benchmark long bond bad lost & to 102%, sending the yield up to 5.942 per cent. IBM shares surged \$5% or 4.9 per cent to \$115 after the of the period. company reported a 13 per

profits. \$1 to \$139 after the com-

which also beat profit expectations, fell \$5 to \$3761.

The sector, though, was generally lower.
IBM's rally helped support other technology shares. By early afternoon the Intel climbed \$11 to \$781 Dow Jones Industrial Aver- and Hewlett-Packard rose age was 9.22 higher at \$1% to \$664. But a "neutral" 9,151.06. The broader Stan- rating for Oracle, the software company, by Salomon Smith Barney, sent its

shares down \$1 to \$274. Market Guide, an online service, soared more than 200 per cent or \$18% to \$26% cern for the market. "It's after the company been individual stock news announced a new service provided to America Online. AOL shares fell back, how-

> TORONTO moved higher in early trading, thanks to a strong run for heavyweight Barrick Gold, which turned in unexpectedly solid quarterly earnings. The 300 composite index was up 22.82 or 0.29 per cent at 7,731.57. Barrick surged C\$1.15 to

C\$31.80 after profits for the By early afternoon the March quarter came in solidly in the black, confounding sceptics and running counter to the weakness of the bullion price over much

Canadian Pacific also DM64 weaker at DM1,428.50 cent drop in first-quarter responded positively to as the company prepared to Chase Manhattan was a cial crumpled badly, sliding strong performer, climbing C\$3.55 or 5.4 per cent to C\$61.50 on the news that it

pany topped earnings esti- had ruled out a merger. **Earnings lift Mexico City**

MEXICO CITY guined more than I per cent as investors were encouraged by the spate of strong first-quarter carnings announcements. Hopes of lower interest rates also supported share prices and the IPC index rose 56.52 reconsidering its participa-

Cemex, which rose sharply on Monday following firm first-quarter profits, was unchanged at 50 pesos.

down by Endesa, the utilities giant. The IPSA index lost

Endesa lost 2 pesos to 253 pesos. CMS Energy of the US said on Monday that it was tion in a natural gas pipe-

SOUTH AFRICA

Shares in Johannesburg ran ing conglomerate Anglo came of R5.80 to R130.20. American sliding nearly 6 share index ended 76.5 lower

The industrials index lost 71.0 at 9,871.3, with oils and chemicals leader Sasol fallinto profit-taking, with lead- ing R1.50 to R55. De Beers Golds gained modestly. per cent to R277. The all The golds index tracked steady bullion, adding 7.8 to

SANTIAGO was pulled

stocks. The CAC 40 index finished 25.29 lower at 0.7 or 0.7 per cent to 96.91. 3,860.40, up from a low of 3.822.54 Against the trend, nickel miner Eramet surged FFr19.70 to FFr284.50 after

line, in which Endesa has a the French government said it had signed an accord with 40 per cent stake, running between Argenting and separatist and loyalist forces on the future of South Cal-

edonia where Eramet oper-Anglo leads Jo'burg falls Alcatel Alsthom lost FFr30 or 2.6 per cent to FFr1,115 after a 1.9 per cent or \$590m stake was placed by Morgan

Stanley on Monday night. Credit Lyonnais closed down FFr27 or 4.3 per cent at FFr605 on continuing concerns over the reported discord between the French government and European

National & Pegipusi Merkets	index	Day's	bojus cusobs	gross %	yed act	Total rein (Ecs)
FTSE Eurolog 300	1234.24	-0.06	-1.00	1.90	6.28	1250.55
FTSE Eurolop 100	2822.01	-0.40	-11.30			
FISE Europea 300 Be	ulacar.					
300 UK	1175.70	-0.55	-6.45	2.77	12.94	1209.08
300 Ex-UK	1268.24	+0.17	+2.10	1.45	2.49	1274.14
300 Eurobice	1256.17	+0.45	+5.58	1.60	2.29	1263.48
300 Ex-Eurobiac	1221.50	-0.47	-5.71	2.13	9.15	1244.03
FTSE Bureing 300 Eco	maic Group					
Pleasurces	1027.AT	+1.00	+10.20	2.68	8.89	1049,17
General Industries	1174.29	-0.29	-3.37	1.80	6.21	1183.78
Consumer Soods	1141.44	-0.93	-10.66	1.62	1.79	1159.57
Services	1174,30	-0.34	-4.04	1.87	5.24	1189.03
Unities .	1339.89	+0.10	+1.28	3.27	1.84	1358.09
Prencisis	1417.17	+0.36	+5.13	1.75	8.10	1434.28
Man triormator or Algorita and The Planacial Those. The compilat by FISE transmitte	ning' is a register	of least own	of the Assets	Stack Estimates	d de Louise Pys. F15E Ec	Strik (Strings Major Andres of Major Andres of

ZURICH was hit by heavy losses in Novartis as the pharmaceutical giant's firstquarter sales figures failed to live up to expectations. The SMI index lost 131 or 1.8 per cent to 7,369.1, also depressed by a sagging bond market and weaker dollar.

state aid package, dealers

Novartis lost SFr94 or 3.7 per cent to SFr2,470 as the group failed to achieve even the modest growth in sales that analysts had expected. Cartificates in Roche, its rival, added SFr65 to SFr15,350, regaining more of the ground lost last week. Cement group Holderbank

was another outperformer, with a rise of SFr5 to SFT1,636 after saying net profit before minorities should rise by 10-15 per cent in 1998.

AMSTERDAM moved upbeat earnings, adding 80 get board backing for a higher, helped by another weight Philips. The AEX Financials continued to index ended up 6.56 at outperform the broader mar-1.187.97.

Philips continued to gain ground in anticipation of bumper results and - just possibly - news of further PARIS was weaker although the downward reorganisation when the electronics giant unveils first-quarter results today The shares rose F18.20 to Fl 167 for a two-day advance of more than 10 per cent.

Heineken continued to rise, adding F17.60 to F1508. Akzo Nobel, a strong market on Monday following confirmation of its \$3.1bn bid for Cortaulds of the UK, ran into profit-taking, shedding FI 4.40 to FI 428.60.

MILAN closed marginally higher, supported by a rally in Eni, the oil and gas company. The Mibtel index finished a volatile day up 102,

or 0.4 per cent, to 25,301. Eni rose L475 or 4 per cent to 12,240 ahead of its postmarket announcement of 1997 earnings. Banca Commerciale Italiano, which had gained ground recently on hopes that it would be the next bank to announce a merger, fell L14 to L10,299 on

This announcement appears as a matter of record only.



GRUPO MINERO MÉXICO, S.A. DE C.V.

US\$375,000,000

8.25% Series A Guaranteed Senior Notes Due 2008 Issue Price 99.454

US\$125,000,000

9.25% Series B Guaranteed Senior Notes Due 2028 Issue Price 99.899

> Lead Manager **ING Barings**

ING BARINGS

March 1998

Rate rise sends Jakarta down

ASIA PACIFIC

A fresh rise in interest rates and rumours that the government may freeze operations of some key banks sent JAKARTA down 2.1 per cent.

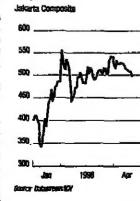
The composite index closed 10.45 lower at 497,71 in turnover of Rp555bn. One broker said the Indo-

nesian Banking Restructuring Agency was expected to make a statement on ailing banks today. He said investors were speculating that the agency would announce the freezing of licences of some banks under its surveillance, including Bank Danamon and BDNI

Rp150, while Danamon

closed flat at Rp225. TOKYO was pushed marginally higher yesterday on ment might take measures to rescue the moribund property market. writes Paul

Abrahams in Tokyo. The benchmark Nikkei 225 index rose 128.57 or 0.82 per moved within a narrow band The Topix index of all firstsection shares rose 7.8 or improved Y11 to Y889. Dai-0.65 per cent to 1,220, the Ichi Kangyo Y10 to Y880, and sharply lower. The China-



first time the average had gone up in seven days. But volumes remained meagre at BDNI closed down Rp25 at just 320m as investors waited for details of the latest economic package, due to be announced tomorrow or

Real estate stocks rallied 1.8 per cent. Mitsui Fudosan rose Y18 to Y1,210, Mitsubishi Estate Y31 to Y1,278. Sumitomo Realty and Development was up Y11 to Y671. the Hang Seng Index loss. Banks, which have huge cent to 15,825.67. The index exposure to property and construction companies, also between 15,582 and 15.927. advanced, up 1.3 per cent. industrial Bank of Japan another acquisition.

Bank of Tokyo Mitsubishi Y34 to Y1,627. Nissan, which issued a profits warning this week, continued to crumble, down Y35 or 7.8 per cent to Y412. Other automotive stocks shook off low production fig-

ures, with Honda up Y110 at Y4.610 and Toyota up Y30 to The decision by unions to suspend the strike at ANA helped the stock, which rebounded Y20 to Y585.

In Osaka, the OSE index rose 116 points to 16,433. HONG KONG tumbled 1.6 per cent on the heels of derivatives-linked trading, and weak volume exaggerated the fall. The Hang Seng index dropped 183.37 to 10.968.26 in turnover of HK\$5.8bn

HSBC dragged the market lower as it continued to ease after a strong performance last week on the back of the bank mergers in the US. The share shed HK\$6 to HK\$229, accounting for 77.93 points of China Telecom eased 10 cents to HK\$15.90 on specu-

might be about to make China-linked shares were

lation that the company

Affiliated Corporations index fell 1.9 per cent while H shares lost 2.2 per cent. KUALA LUMPUR moved

lower following a spate of

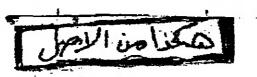
negative news and rumours. Malaysian car sales for March declined steeply, and late in the session came a rumour that Sime Darby had been forced to shelve the sale of its loss-making banking operation. The financial sector shed 2.3 per cent and Sime Darby lost 8 cents at M\$3.44. The composite index ended 10.31 or 1.6 per cent

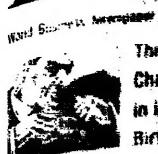
SINGAPORE lost ground on the back of a weak property sector. Electronics were active with a number of sec-Disk drive maker Brilliant Manufacturing jumped 3 cents to 51 cents. But the broad tone was dull with property shares leading the decline. Keppel Land fell 12 cents to \$\$1,96. The Straits Times index gave up 18.05 or 1.2 per cent at 1,492.

lower at 623.98.

modest profit-taking but closed comfortably above the session low. BHP fell 6 cents to A\$15.59. The All Ordinaries index lost 6.1 at

SYDNEY succumbed to





Birkey 1 1: 16 4 German government announces plans for iobless in advance of regional election

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Charles Street

"It has been difficult for 24.55 the bottom-up guys as they See to the or all the being saw these companies, which garanten were technically bankrupt, rally," says Matthew Merritt, strategist at ING Barings. Such developments high-الهائليوا المحرب And the second light the importance of the ability to alternate between That course

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top-down and bottom-up research. Now the rush to buy Asia has subsided, the Special Constant Front Etm. top-down phase may be over. While it will be crucial to keep a close eye on macroeconomic indicators, the ability to pick out the real winners from the losers using valuation methods will Martin and the first cares Martin become vital.

Mr Hall says the betterresourced research teams with the ability to cover both macro and micro factors will be in a strong position. Playing the emerging markets will be increasingly difficult for small niche players, he says.

They kept on coming at

On the other hand,

country-by-country asset

allocators were the winners

in Asia during the first quar-

ter this year, as investors

felt the markets had fallen

too far and bought back

shares as the currencies

rebounded.

Emiko Terazono

Company of Maryana Arab Buterata esperant februares applica

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